



**Centre City
Development
Corporation**

DATE ISSUED: June 11, 2008 REPORT NO. CCDC-08-19

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of June 17, 2008

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: San Diego Civic Center Complex (202 C Street) – Contract with
The Staubach Company – Economic/Financial Feasibility Analysis
-- Core Redevelopment District of the Expansion Sub Area of the
Centre City Redevelopment Project

COUNCIL DISTRICT: District 2

REFERENCE: None

STAFF CONTACT: Jeff W. Graham, Assistant Vice President – Redevelopment
(619) 533-7181

REQUESTED ACTION: That the Redevelopment Agency of the City of San Diego approve a contract with The Staubach Company for Economic/Financial Feasibility Analysis consulting services for the San Diego Civic Center Complex project.

STAFF RECOMMENDATION: That the Redevelopment Agency of the City of San Diego (“Agency”) approve the contract with The Staubach Company (“Staubach”) for Economic/Financial Feasibility Analysis consulting services and authorize an expenditure in the amount of \$678,298, for the San Diego Civic Center Complex project (“Project”) located at 202 C Street in the Core Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project.

SUMMARY: As part of the proposed redevelopment of the Project, there is a need for a comprehensive economic and financial feasibility analysis. The City of San Diego (“City”) has designated the Centre City Development Corporation (“CCDC”) to assume the lead role in this process resulting in selection of Staubach as the firm to conduct the proposed services.

The contract authorizes Staubach to provide essential services related to the independent economic and financial feasibility assessment of the potential redevelopment of the Project. Staubach shall conduct a base-line cost projection of a status-quo scenario, including a facilities condition assessment and related costs of the City-owned facilities; assist CCDC staff in preparing a developer Request for Proposals (“RFP”); and analyze developer financial proposals submitted in response to the RFP.

FISCAL CONSIDERATIONS: Funds in the total contract amount of \$678,298 are available in the Fiscal Year 2008 Core project budget. Developer proceeds from projects within the Core district will be used to fund this contract.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION: On April 30, 2008, the CCDC Board of Directors voted unanimously in favor of the proposed contract.

BACKGROUND

In consideration of significant downtown leases expiring within the next several years between the City and private office property owners, the City is assessing the possible redevelopment of the Project through a public-private partnership as a potential cost-savings and facilities-consolidation measure. The City has directed CCDC to assume the lead role in the developer evaluation and selection process and to conduct any studies necessary to facilitate and support the process.

In accordance with Agency policy, CCDC issued a Request for Qualifications (“RFQ”) for an economic/financial consultant, on behalf of the Agency, to provide an independent feasibility analysis for a proposed new San Diego Civic Center Complex. Five firms responded to the RFQ and the following three were interviewed:

- Keyser Marston & Associates
- CB Richard Ellis Consulting
- Staubach

The selection committee was comprised of David Allsbrook, Assistant Vice President, Contracting and Public Works, CCDC; John Collum, Senior Project Manager, CCDC; Alan Nevin, Principal, Market Pointe Realty Advisors; Frank Alessi, Vice President and Chief Financial Officer, CCDC; Kim Kilkenny, Board member, CCDC; and Nancy Graham, President, CCDC.

Based on their written response, oral interview, and demonstrated knowledge of civic center and public-private partnership feasibility studies, the firm of Staubach was selected. Few firms possess the expertise and resources to conduct such a comprehensive feasibility analysis, provide direction on structuring complex public-private partnerships, and deliver critical results within the Corporation’s time requirements. Staubach proposes to use the firms of DMJM H&N and Economic Research Associates as subconsultants in the performance of the feasibility-study services to perform facility-condition assessments and construction-cost estimates, and economic and fiscal impact studies, respectively.

Services to be rendered under the contract will be performed in two phases and include the following:

Phase 1:

- Evaluation of existing City leases for privately-owned facilities, analyze downtown San Diego office market fundamentals and forecast future City costs for leased downtown facilities;
- Perform a facility-condition assessment, including evaluation of deferred maintenance and building-code exceptions of City-owned facilities within the Project; quantify rehabilitation, code compliance and maintenance costs, and the remaining useful life of facilities and equipment;
- Identify alternative rehabilitation and leasing scenarios which could be employed by the City in lieu of redevelopment;
- Research the City's current- and projected-annual operating and maintenance costs for its owned facilities located within the Project;
- Identify the City's security, information technology, communications, furniture, and similar requirements and specifications for a new or rehabilitated City administration facility;
- Prepare "base-line" projections of the City's costs if the existing City-owned facilities are rehabilitated and privately-owned facility leases are renewed according to market conditions;
- Assist staff in the preparation of a developer RFP to facilitate the selection of a preferred development partner for the City;
- Prepare multiple 50-year cash flow projections based on scenarios which are alternatives to the project's redevelopment. Prepare present value summaries for each cost scenario; and
- Prepare an economic/fiscal impact forecast based on the "base-line" scenario.

Phase 2:

- Evaluate the economic and financial feasibility of the developer responses to the RFP, assess all assumptions, critique proposed partnership and financing structures, assess financial capability, draft report of findings and recommendations including all supporting analysis;
- Prepare fiscal and economic impact analyses of the proposed development and compare against the "base-line" scenario; and

- Conduct public presentations, at staff's request, to explain financial feasibility methodology and support findings and recommendations.

EQUAL OPPORTUNITY

Firm Name: The Staubach Company		Firm Certification: Other Business Enterprise (OBE)
PRINCIPALS AND PRIMARY STAFF ASSIGNED TO CONTRACT	TITLE	PRIMARY CONTACTS
Tambra Martinez	Principal	Tambra Martinez

Firm Name: DMJM H&N / Economic Research Associates		
SUBCONSULTING FIRMS	PRINCIPALS	FIRM CERTIFICATION
DMJM H&N	Steve Galloway, Associate Vice President	OBE
Economic Research Associates	William W. Lee, Executive Vice President	OBE

Staubach submitted a Work Force Report, dated December 12, 2007, which indicates a total of 14 employees, of which 4 are females and 1 is a member of an under-represented ethnic group. An equal employment opportunity plan is not required.

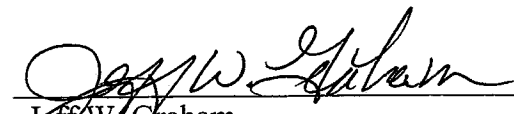
Environmental Impact – This activity is not a "project" for CEQA purposes because it does not meet the criteria set forth in CEQA Guidelines section 15378. Therefore, pursuant to CEQA Guidelines section 15060(c)(3), the activity is not subject to CEQA.

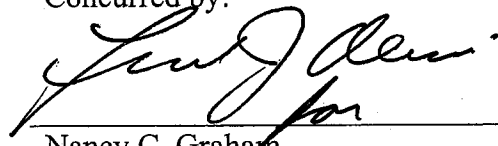
CONCLUSION

Based on the essential need for an independent and comprehensive economic and financial feasibility analysis to support the consideration of redeveloping the Project, it is recommended that the contract with Staubach be approved in an amount not to exceed \$678,298.

Respectfully submitted,

Concurred by:


 Jeff W. Graham
 Assistant Vice President – Redevelopment


 Nancy C. Graham
 President

Attachments: A – Contract with The Staubach Company