



DATE ISSUED: September 10, 2008 REPORT NO.: CCDC-08-25
CCDC-08-14
RA-08-23
RTC-08-121

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Council President and City Council
Docket of September 16, 2008

ORIGINATING DEPTS.: Centre City Development Corporation
City of San Diego, Planning and Community Investment
Redevelopment Division

SUBJECT: Request to Bid – Demolition of Three Unreinforced Masonry
Buildings (1335 Market Street, 753 and 771 13th Street) and One
Building (4332 University Avenue) -- East Village Redevelopment
District of the Expansion Sub Area of the Centre City
Redevelopment Project and City Heights Redevelopment Project

COUNCIL DISTRICTS: Two and Three

REFERENCE: None

STAFF CONTACT: William R. Yee, Associate Project Manager, (619) 533-7139
Karina Danek, Assistant Project Manager, (619) 236-6537

REQUESTED ACTION:

That the Redevelopment Agency of the City of San Diego (“Agency”) and the City Council of the City of San Diego (“City Council”) approve all actions as necessary for the demolition of three vacant Agency-owned unreinforced masonry buildings in the East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project and one Agency-owned building currently occupied by a Jack in the Box restaurant in the City Heights Redevelopment Project Area.

STAFF RECOMMENDATION:

That the Agency:

- Authorize the Centre City Development Corporation (“Corporation”), on behalf of the Agency, to advertise and receive bids for the demolition of three unreinforced masonry buildings located at 1335 Market Street, and 753 and 771 13th Street in the East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project (Attachment A); and one Agency-owned building located at 4332 University Avenue in the City Heights Redevelopment Project Area (Attachment B);

- Authorize the Executive Director of the Agency, or his designee, to award the construction contract to the lowest responsible bidder, provided bids are within the established budgets of \$144,000, for the East Village buildings, and \$84,000 for the City Heights building, for a total of \$228,000, and that all other requirements are met;
- Authorize the Corporation, on behalf of the Agency, to administer said contracts; and
- Make certain findings that the proposed Project benefits the Centre City Redevelopment Project ("Project Area") or the immediate neighborhood in which the Project is located; that no other reasonable means of financing is available to the community; that the payment of funds will assist in the elimination of blighting conditions inside the Project Area; and that the proposed Project is consistent with the Implementation Plan adopted for the Project Area pursuant to Health and Safety Code 33490.

And, that the City Council:

- Make certain findings that the proposed Project benefits the Project Area or the immediate neighborhood in which the Project is located; that no other reasonable means of financing is available to the community; that the payment of funds will assist in the elimination of blighting conditions inside the Project Area; and that the proposed Project is consistent with the Implementation Plan adopted for the Project Area pursuant to Health and Safety Code 33490.

SUMMARY:

The Agency has acquired four properties for future development. Recently, the Corporation was approached by Agency staff to provide assistance with demolition of an Agency-owned site in City Heights, already approved for a mixed-used development, and proceeding on a similar schedule. Economies of scale for budgets and schedules can be realized by demolishing all four Agency sites under the same contract. As a result, the Corporation has agreed to take the lead on the Project and create a demolition contract document package for all four sites, and provide project management oversight during demolition activities.

The three vacant East Village properties are located at:

- 1335 Market Street (former Autohaus Pino) – future low and moderate income affordable housing site; and
- 753 and 771 13th Street (former Import Tire warehouse) – future East Village Green West park site.

Each of the three 5,000 square-foot East Village sites contains unreinforced masonry buildings ("URMs"). Per the City of San Diego's ("City") URM ordinance, all URMs shall be seismically retrofitted or demolished to eliminate possible future liability, injury or loss of life due to building collapses. If these buildings are not brought into compliance with the City's URM

ordinance, fines or legal action will be brought against the Agency as the current property owner. It is prudent now to move forward with demolishing the structures to eliminate blighting conditions, comply with the City's URM ordinance, and minimize future liability, injury or loss of life due to potential building collapses.

The City Heights property is located at:

- 4332 University Avenue – future City Heights Square Office and Retail Project site.

The 12,500 square-foot site contains a 2,500 square-foot building and is within the footprint of the proposed City Heights Square Office and Retail Project and subject to a First Implementation Agreement to a Disposition and Development Agreement (“DDA”). Pursuant to the DDA, the Agency is obligated to demolish the building.

FISCAL CONSIDERATIONS:

East Village buildings

Funds in the amount of \$96,000 are available in the Fiscal Year 2009 (“FY 09”) Agency Parks Budget, and \$48,000 are available in the FY 09 Agency Low/Mod Budget, for a total of \$144,000.

City Heights building

Funds in the amount of \$84,000 are available in the FY 09 City Heights Redevelopment Project Area Budget.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION:

On July 30, 2008, the Corporation Board of Directors voted unanimously in favor of the staff recommendation to demolish the three East Village buildings. The Corporation Board did not consider demolition of the City Heights building, as the Agency request to include the work came after the July 30, 2008 meeting. The added work will be funded separately by the City Heights Redevelopment Project Area Budget.

PREVIOUS AGENCY AND/OR COUNCIL ACTIONS:

The original DDA with San Diego Revitalization Corporation was approved by the Agency on May 3, 2005. The First Implementation Agreement (“Implementation Agreement”) to the DDA with Price Charities (formerly San Diego Revitalization Corporation) for the proposed City Heights Square Office and Retail Project was approved by the Agency on November 13, 2007.

BACKGROUND:

East Village buildings

The proposed Project advances the Visions and Goals of the Centre City Community Plan and the Objectives of the Project Area by:

- Eliminating blighting conditions in the East Village Redevelopment District by demolishing three vacant Agency-owned buildings; and
- Removing public-safety hazards of potentially-unstable buildings owned by the Agency.

In California, URMs are generally brick buildings constructed prior to the 1930s, predating modern earthquake-resistant designs. The brick is not strengthened with embedded reinforced steel bars and is therefore called "unreinforced." In earthquakes, the brick walls tend to disconnect from buildings and fall outward, creating a safety hazard for people below and sometimes causing buildings to collapse. URM failures are widely recognized for causing deaths/injuries as a result of partial or complete building collapses during moderate to strong earthquakes.

The "URM Law" (SB 547), passed in 1986, required every jurisdiction in California seismic zones (including the San Diego area) to inventory its URMs by 1990, to adopt a loss reduction program, and to report progress to the State's Seismic Safety Commission (SSC).

On November 9, 1992, the City Council adopted the "Earthquake Hazard Reduction in Existing Buildings" ("URM Ordinance") which established a program for mitigation of seismic hazards associated with buildings containing unreinforced masonry bearing walls ("URM Program"). The URM Ordinance requires mandatory strengthening of all URMs and also contains trigger mechanisms which may lead to partial or complete seismic retrofit of the buildings.

The URM Program helps property owners comply with the URM Ordinance. The goal of the ordinance is to save lives by minimizing the possibility of potential collapse of URM buildings. January 1, 2006 was the date by which the URM building owners were required to comply with the mandatory provisions of the URM Ordinance. After that date, property owners were subject to fines or legal action to bring the buildings into safety compliance.

If seismic strengthening of buildings is not feasible, property owners have the option of demolishing the structures entirely to eliminate the potential hazard. As all three Agency-owned buildings listed above are on future development sites, it is prudent for the Agency to move forward now with demolishing the structures to comply with the URM Ordinance and to minimize any liability, injury or loss of life from potential building collapses.

City Heights building

The proposed demolition project is consistent with the City Heights Redevelopment Plan and the Third Year Implementation Plan for the City Heights Redevelopment Project.

The site is within the footprint of the proposed City Heights Square Office and Retail project and subject to the Implementation Agreement with Price Charities. Price Charities is currently processing a change to the project, specifically, a change from an office and retail project to a commercial and residential project. Also, Agency staff and Price Charities are currently preparing a Second Implementation Agreement to the DDA to reflect the proposed changes in the project. Both the entitlement package and Second Implementation Agreement to the DDA are proposed to be submitted to the Agency and City Council for consideration in fall 2008.

Pursuant to the DDA the Agency is obligated to relocate the existing tenant and demolish the existing structure. The Jack in the Box restaurant is tentatively scheduled to be vacated by the end of 2008. Based upon the development timeline, the building is proposed to be demolished in early 2009.

EQUAL OPPORTUNITY:

The Project, as all Agency projects, will be let via a typical public works competitive bidding process, and will pay prevailing wages. The Project will utilize the City's Subcontracting Outreach Program (SCOPE). The purpose of SCOPE is to maximize opportunities for all qualified and available firms and to provide equal opportunity for all subcontractors. SCOPE creates mandatory subcontractor outreach and utilization requirements for contractors. The mandatory subcontracting outreach percentage for this Project will be determined by the City's Engineering and Capitals Projects Department.

Bid solicitation identifying subcontracting and vendor opportunities will be advertised in the *San Diego Daily Transcript*, *Filipino Press*, *El Latino*, and *San Diego Voice and Viewpoint*. Also, the Corporation will use its extensive data base of certified contractors, eBidboard, The Daily Transcript Online Plan Room, Blue Hornet, the Corporation website, the Green Sheet, Contractor News and Views, community/trade and ethnic organizations, and the Public Agency Consortium.

DISCUSSION:

Project Description

East Village buildings

The East Village component consists of demolition of three Agency-owned URM's in the East Village Redevelopment District to bring the properties into compliance with the City's URM Ordinance.

City Heights building

This City Heights component consists of demolition of one Agency-owned site in the City Heights Redevelopment Project Area (current Jack in the Box restaurant) to allow for construction of the proposed City Heights Square Office and Retail Project.

Project Budget and Financing – The demolition cost for all four sites is anticipated to be as follows:

Demolition (East Village properties)	\$120,000
Contingency (20%)	\$24,000
Subtotal (East Village properties)	\$144,000
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Demolition (City Heights property)	\$70,000
Contingency (20%)	\$14,000
Subtotal (City Heights property)	\$84,000
TOTAL	\$228,000

Participation by Agency – The Agency will fund the total cost of the Project in the amount of \$228,000. FY 09 Agency Parks and Low/Mod Budgets will fund the East Village demolition (\$144,000), and the FY 09 City Heights Redevelopment Project Area Budget will fund the City Heights demolition (\$84,000).

Proposed Schedule of Performance – The following is a summary of the Project schedule:

September 16, 2008	Agency/Council - Request to Bid authorization
October 2008	Bid advertisement
November 2008	Bid opening
January 2009	Notice to Proceed
March 2009	Complete demolition (60 working days)

Project Benefits

East Village buildings

This Project component will eliminate blighting conditions and minimize potential future liability from possible building collapses of Agency-owned structures. Until the future development of the sites occur, it will also provide the Agency additional contractor laydown areas for other public works projects occurring in the East Village Redevelopment District.

City Heights building

Demolition of the building located in the City Heights Redevelopment Project Area is consistent with the City Heights Redevelopment Plan and the Third Implementation Plan for the City Heights Redevelopment Project.

Environmental Impact

East Village buildings

This activity is categorically exempt from review under the California Environmental Quality Act (CEQA), Class 1, pursuant to CEQA Guidelines §15301.

City Heights building

This activity is located on the site of the City Heights Square Project No. 40960, and subject to the previously approved Mitigated Negative Declaration No. 40960. Any construction related activities shall be subject to the Mitigation Monitoring and Reporting Program for this project. Therefore, this activity is not a separate project for purposes of review under CEQA pursuant to State CEQA Guidelines § 15060 (c)(3). Further, this activity does not involve a change in circumstances, project changes, or new information of substantial importance which would warrant any additional environmental review pursuant to CEQA Guidelines § 15162.

Findings

State Law requires that certain findings be made by the Agency and City Council prior to the expenditure of Agency funds for public facilities/improvements. Attachment C recites the proposed findings with respect to the benefits of the proposed Project in the East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project, the unavailability of other means to finance the proposed Project, how the proposed Project will assist in the elimination of blighting conditions inside the Project Area, and that the proposed Project is consistent with the Implementation Plan adopted for the Project pursuant to Health and Safety Code 33490.

CONCLUSION:

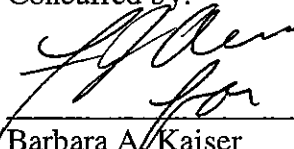
Staff recommends that the Agency and City Council approve all actions as necessary for the demolition of the three Agency-owned sites located at 1335 Market Street and 753 and 771 13th Street in the East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project, and one Agency-owned site located at 4332 University Avenue in the City Heights Redevelopment Project Area.

Respectfully submitted,

Concurred by:



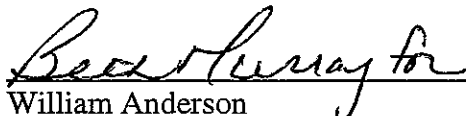
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Attachments:

- A – Site Map - East Village properties
- B – Site Map - City Heights property
- C – Findings of Benefit – East Village properties