



Publication Date: (September 29 through October 6, 2009)  
Requesting Department: Redevelopment Agency of the City of San Diego

**NOTICE OF PUBLIC HEARING**

**Title: Redevelopment Agency Park-it-on-Market Lease with Max Levy and Brad Levy (dba Allen's Flowers and Plants, Inc.) for a 1,744 square-foot site located at 620 Market Street in the East Village Redevelopment District.**

**Date of Hearing: Tuesday, October 13, 2009**  
**Time of Hearing: 2:00 p.m.**  
**Place of Hearing: City Council Chambers**  
**Contact Name: Susan Diekman**  
**Contact Number: (619) 235-2200 or [diekman@ccdc.com](mailto:diekman@ccdc.com)**

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NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City of San Diego (the "Agency") has scheduled a **public hearing for October 13, 2009, at the hour of 2:00 p.m. or as soon thereafter** as the matter can be heard, in the City Council Chambers, 12<sup>th</sup> Floor, City Administration Building, 202 C Street, San Diego, California, pursuant to Section 99 of the Charter of the City of San Diego and Sections 33431 and 33433 of the California Health and Safety Code, for the purpose of considering a proposed Lease Agreement by and between the Redevelopment Agency of the City of San Diego and Max Levy and Brad Levy (dba Allen's Flowers and Plants, Inc.) (collectively and jointly and severally, "Lessee") for the lease of real property in the East Village Redevelopment Project Area by the Agency to the Lessee.

The project is located in the Park-it-on-Market parking facility (the "Parkade") at 620 Market Street in the East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project within the City of San Diego, State of California. On August 1, 1999, the City of San Diego, a California municipal corporation (the "City"), was appointed Lessor's agent for the purchase of managing the operations of the Parkade under that certain Parking Structure Operating Agreement by and between the City and Lessor, as amended by that certain First Amendment to Parking Structure Agreement, dated January 1, 2003, by and between the City and Lessor in the East Village Redevelopment Project Area.

Under the proposed Lease, the Lessee will lease from Lessor approximately 1,744 rentable square feet within the ground floor of the Parkade for the purpose of the sale and delivery of flowers, plants, fruit baskets, and other services and products typical of a florist.

The purpose of the hearing is to consider:

1. The Redevelopment Agency Park-it-on-Market Lease between the Lessee and Lessor.

The above document is available for public inspection and copying during regular office hours (8:00 a.m. to 5:00 p.m., Monday through Friday) at the office of the Redevelopment Agency, 1200 3<sup>rd</sup> Avenue, Suite 1400, San Diego, California, 92101, at the Office of the City Clerk, 202 C Street, City Administration Building, 2<sup>nd</sup> Floor, San Diego, California 92101, and the office of Centre City Development Corporation, 401 B Street, Suite 400, San Diego, California 92101.

At any time before the date and time set forth above for the public hearing by the Redevelopment Agency, written comments on or objections to the proposed agreement may be filed with the City Clerk. Comments may also be submitted during such period on the other documents referred to in this Notice. All persons wishing to question, comment, object to, or be heard on such matters at the public hearing will be given an opportunity to appear and be so heard. The decision of the Redevelopment Agency is final. If you later desire to challenge actions of the Agency in connection with this transaction, you could be limited to raising issues you or someone else raised at the public hearing, or in written correspondence to the Redevelopment Agency at or prior to the public hearing.

The document referred to in this Notice is available in alternative formats upon request. To order information in an alternative format, or to arrange for a sign language or oral interpreter for the meeting, please call the Clerk's office at least five (5) working days prior to the meeting at (619) 533-4000 (voice) or (619) 236-7012 (TTY).

Under the proposed lease agreement document, the Agency proposes to lease certain real property in the Centre City Redevelopment Project Area to the Lessee for the period beginning October 15, 2009 through October 14, 2012, with an option to extend the term of the Ground Lease for two additional five-year terms if Lessee has fully performed its obligations.

**Elizabeth Maland**  
**City Clerk**  
**City of San Diego**

Dated: September 29 through October 6, 2009

Daily Transcript Publication Dates: September 29 and October 6, 2009

Centre City  
Development  
Corporation

DATE ISSUED: October 7, 2009 REPORT NO. CCDC-09-30

ATTENTION: Honorable Chair and Members of the Redevelopment Agency  
Docket of October 13, 2009

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Allen's Flower Shop (620 Market Street) – Lease Agreement with  
Max Levy and Brad Levy doing business as Allen's Flowers and  
Plants, Inc. -- East Village Redevelopment District of the  
Expansion Sub Area of the Centre City Redevelopment Project –  
**PUBLIC HEARING**

COUNCIL DISTRICT: Two

REFERENCE: None

STAFF CONTACT: Susan Diekman, Assistant Project Manager, (619)533-7142

REQUESTED ACTION:

Approval of a proposed initial five-year Lease Agreement between the Redevelopment Agency of the City of San Diego and Max Levy and Brad Levy doing business as Allen's Flowers and Plants, Inc. for the operation of Allen's Flower Shop located at 620 Market Street in the East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project.

STAFF RECOMMENDATION:

That the Redevelopment Agency of the City of San Diego ("Agency") enter into an initial five-year Lease Agreement with Max Levy and Brad Levy doing business as Allen's Flowers and Plants, Inc. for the operation of Allen's Flower Shop located at 620 Market Street in the East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project.

SUMMARY:

The Agency owns the 500-space Park-it-on-Market Garage ("Garage") located between Sixth and Seventh avenues fronting on Market Street in the East Village Redevelopment District. There are two tenant spaces in the Garage. One space is approximately 459 square feet and currently operated as a deli; the second space is approximately 1,744-square feet and is currently vacant. The Centre City Development Corporation ("Corporation") has been in negotiations with Max Levy and Brad Levy doing business as Allen's Flowers and Plants, Inc. ("Lessee") for operation of Allen's Flower Shop in the 1,744 square-foot space located within the Garage at 620 Market Street ("Premises"). The Lease term would be for an initial five years with the ability for the Lessee to extend the term of the lease by two additional five-year terms, for a not-to-exceed

cumulative term of 15 years, plus any first partial month of the initial term. The Lease extension would apply provided the Lessee is not in default of the Lease.

FISCAL CONSIDERATIONS:

The Lease Agreement will provide for monthly basic rent to the Agency in the amount of \$4,098.40 for a five-year term. During the initial five-year term of the Ground Lease, Allen's Flowers would pay the Agency approximately \$217,508.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION:

On July 22, 2009, the Corporation Board of Directors voted unanimously to support the Lease Agreement.

BACKGROUND:

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

- Eliminating and preventing the onset and return of blight through continued utilization of redevelopment vacant or underutilized property.

The previous tenant of the Premises was a video and tanning salon that occupied the Premises from May 2002 through March 2007. The tenant chose not to seek an additional five-year lease and the Premises became vacant in April 2007. At the time of lease expiration, the tenant was paying \$2.50 per square foot, for a monthly rent of \$4,386.97.

In May 2007, the Corporation issued a Request for Proposals for real estate brokerage services. Through a competitive process, Grubb & Ellis, BRE Commercial, located at 350 Tenth Avenue, was selected. On May 20, 2007, the consultant contract was disclosed to the Corporation Board of Directors.

In summer of 2007, Corporation staff made the decision to use the Premises as a community outreach room in which to discuss and reach out to the community about the neighborhood design guidelines and other community plans. To utilize the space, the Corporation would pay the Agency market-rate value.

In July 2008, Corporation staff reversed this decision and moved forward with plans to utilize the Premises for a business, due in part to the neighborhood design guidelines and other plans not being ready to present to the community. During that time, the Premises were upgraded with new awnings and the Garage was painted, to assist with attracting businesses. In winter 2008, the Corporation entered into negotiations with Allen's Flowers for the Premises.

DISCUSSION:

The following are the basic terms of the Lease Agreement:

- Base rent shall be \$2.35 per square foot for a monthly rent of \$4,098.40 and annual rent of \$49,180.80 for the first year;
- Commencing the second year, and every 12 months thereafter, Allen's Flowers' base rent shall be adjusted by the CPI, but not to exceed three percent (3%) increase over the previous year's base rent;
- Allen's Flowers may extend the lease for two additional five-year terms if it has fully performed its obligation;
- Allen's Flowers shall be responsible for the cost, design permitting and construction of all tenant improvements; and
- Agency shall provide Allen's Flowers \$25.00 per rentable square foot for tenant improvements.

Pursuant to the Parking Structure Operating Agreement executed by the Agency and the City of San Diego ("City") on August 1, 1999, the City serves as the Agency's agent for purposes of managing and administering the operations of the Parkade, including the Leased Premises. In this regard, the City has designated Frank Alessi, Executive Vice President and Chief Financial Officer of the Centre City Development Corporation (CCDC), as a designated representative of the City for purposes of the Parking Structure Operating Agreement. As such, the City, by and through CCDC, assists the Agency with managing and administering the operations of the Parkade, including leasing the Leased Premises.

Project Description – The 1,744-square-foot Premises is one of two tenant spaces located within the Garage and was recently upgraded with new awnings.

Environmental Impact – This activity is not a "project" under the definition set forth in CEQA Guidelines Section 15378. Therefore, pursuant to CEQA Guidelines Section 15060(c)(3), the activity is not subject to CEQA.01

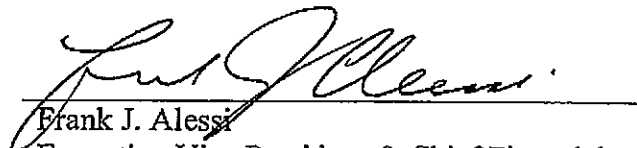
CONCLUSION

Approval of the Lease Agreement would fill the currently vacant tenant space at the Garage and advance the Visions and Goals of the Downtown Community Plan and the Objectives of the Centre City Redevelopment Project by eliminating and preventing the onset and return of blight through continued utilization of redevelopment vacant or underutilized property. Therefore, Corporation staff recommends that the Agency enter in the proposed Lease Agreement with Allen's Flowers.

Respectfully submitted,

Concurred by:

  
Susan C. Diekman  
Assistant Project Manager

  
Frank J. Alessi  
Executive Vice President & Chief Financial  
Officer

Attachment: A – Lease Agreement