

DATE ISSUED: October 7, 2009

ATTENTION: Honorable Chair and Members of the Redevelopment Agency  
Docket of October 12, 2009

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Authorization to Expend Funds for Costs and Take Actions  
Associated with a Proposed Exclusive Negotiation Agreement by  
and between the City of San Diego and with Gerding Edlen for the  
San Diego Civic Center Complex – Core Redevelopment District  
of the Expansion Sub Area of the Centre City Redevelopment  
Project

COUNCIL DISTRICT: 2

REFERENCE: None

STAFF CONTACT: Jeff Graham, Vice President – Redevelopment  
619-533-7181

**REQUESTED ACTION:** That the Redevelopment Agency of the City of San Diego  
("Agency"):

- Authorize the expenditure of up to \$705,000 for costs associated with the City of San Diego's ("City") obligations associated with the Exclusive Negotiation Agreement (ENA) among the City and GEDI California, Inc. (GED) including the negotiation and drafting of a development agreement for the Civic Center project, site condition assessment, environmental review and possible minor design changes; and
- Authorize the Corporation to enter into contracts directly with necessary consultants to perform the services pursuant to the terms of the Corporation Operating Agreement.

**STAFF RECOMMENDATION:** That the Agency:

- Authorize the expenditure of up to \$705,000 for costs associated with the City's obligations associated with the ENA among the City and GEDI California, Inc. (GED) including the negotiation and drafting of a development agreement for the Civic Center project, site condition assessment, environmental review and possible minor design changes; and
- Authorize the Corporation to enter into contracts directly with necessary consultants to perform the services pursuant to the terms of the Operating Agreement between the Agency and the Corporation ("Operating Agreement").

SUMMARY: The San Diego City Council (“City Council”) is considering authorizing the City to enter into exclusive negotiations with GED, for the possible redevelopment of the Civic Center site to include a new City Hall. In the event the City Council enters into such negotiations, the Agency has been requested by the City Council to fund the City’s expected costs during the negotiation process. Such costs are not expected to exceed \$705,000 and are proposed to include negotiation, site condition analysis, environmental and legal reviews, financial analysis, design changes and drafting of a development agreement. The Agency may or may not be a party to any eventual agreement between the City and GED.

FISCAL CONSIDERATIONS: Funds in the amount of \$705,000 are available in the Agency’s Fiscal Year 2010 Centre City Project budget from land disposition proceeds for the Civic Center project.

RULES, OPEN GOVERNMENT, AND INTERGOVERNMENTAL RELATIONS

COMMITTEE RECOMMENDATION: A full presentation by Corporation staff and consultants was delivered to the Rules, Open Government, and Intergovernmental Relations Committee on May 27 and June 10, 2009. Following discussion, the Committee voted 4-0 to forward the item on to the full City Council with direction to the Mayor to develop an ENA and present it to the City Council for review and approval and provided numerous objectives and conditions to be included (Attachment C).

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION: On September 2, 2009, the Centre City Development Corporation Board (“Corporation”) voted unanimously to support the staff recommendation.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: On May 13, 2009, the Centre City Advisory Committee (CCAC) and the Project Area Committee (PAC) recommended that the City enter into an ENA with GED. However, the CCAC action did not specifically address the expenditure of Agency funds to fulfill the City’s financial obligations associated with the ENA.

DEVELOPMENT TEAM

ROLE	FIRM/CONTACT	OWNERSHIP
Developer/ Construction Manager	Gerding Edlen Development	Privately owned by GEDI, Inc., Mark Edlen and Kelly Saito  GEDI, Inc. owned by Mark Edlen, Kelly Saito, Roger Krage and Equilibrium Capital
General Contractor	Turner Construction	Private wholly owned subsidiary of Hochtief USA, Inc.

Landscape Architect	Spurlock Poirier Landscape Architects	Privately owned by Andrew Spurlock and Martin Poirier
Architect	Zimmer Gunsul Frasca Architects	Privately owned, see Attachment A for list of Owners
Subconsultant	Brightworks	Privately owned by Scott Lewis
Subconsultant	KPFF Consulting Engineers	Privately owned by Multiple Individuals (Attachment B)
Subconsultant	Lincolne Scott (aka Flack + Kurtz/Advanced Environmental)	Wholly owned subsidiary of WSP Flack + Kurtz, a Publicly Owned and traded firm on the London Stock Exchange
Subconsultant	MW Steele Group	Privately owned by Mark W Steele and Harper E Steele
Financial Partner	The National Development Council	Not-for-Profit 501(c)(3)
Financial Partner	National Electrical Benefit Fund	District of Columbia Pension Trust, a defined benefit pension plan

**BACKGROUND:**

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

- Working with other agencies and the private sector to redevelop the Civic Center, prioritizing accommodation of space needs, integration with the downtown fabric, inspiring architecture and open spaces and assemblage of the diversity of people and ideas that make up San Diego;
- Strengthening the Civic/Core district as a focus of civic uses and government activity, and reconnecting government buildings and open spaces to the public realm;
- Bolstering downtown’s position as the regional economic and employment center by ensuring availability of employment land, and development of regional destinations;
- Creating jobs easily accessed via transit, bicycle, or on foot to further regional mobility goals;
- Fostering development of the Civic/Core district into a compact but high-intensity office and employment hub of downtown, with a strong government, financial, commercial, and visitor-serving orientation, while permitting residential development to provide vitality during non-work hours;
- Developing open space that provides a diverse range of outdoor opportunities for residents, workers, and visitors and is within walking distance of all residents and employees;
- Reclaiming open spaces that have deteriorated, have design features that limit access and use opportunities, and/or are in need of activity and revitalization;
- Re-establishing the street grid as redevelopment on larger sites occurs;

- Promoting sustainable development and design downtown;
- Enhancing streetscapes within transit corridors to increase attractiveness for users and promote shared transit, pedestrian, and cyclist use;
- Designing new parking structures to accommodate parking needs from multiple land uses to the extent possible and allow shared parking where possible;
- Ensuring that all public parking structures maximize the potential for subterranean parking and incorporate other uses at higher floors where feasible;
- Maintaining a safe and livable environment downtown working with the City to ensure appropriate levels of fire and police services proportionate to population and activity level; and
- Continuing efforts to create meaningful, memorable, and delightful public spaces in downtown integrated with public art.

In the event the City Council authorizes the Mayor to execute an ENA among the City and GED for possible redevelopment of the Civic Center site, staff estimates the costs to the City during negotiation of up to \$705,000. The City's costs may be less if an agreement is not reached or if all of the studies and consultant services are not required. The Council Rules Committee has recommended that if the City Council authorizes the Mayor to execute an ENA that the City Council also authorize the Mayor to submit a request to the Redevelopment Agency to fund the City's negotiation costs and site condition assessment from land disposition proceeds generated within the Centre City Project. Land disposition proceeds from the Civic Center project line item in the amount \$705,000 are available in the Fiscal Year 2010 Agency budget to fund the City's estimated costs of negotiations.

DISCUSSION:

In the event the City Council authorizes the City to enter into an ENA with GED to negotiate a development agreement for the Civic Center site's redevelopment, the City is also expected to take action seeking funding from the Agency's Centre City Redevelopment Project for the City's costs associated with the negotiations. The City's estimated maximum costs to be funded from Agency land disposition proceeds are as follows.

	<b>Estimated Amount</b>
Lead Negotiator	\$142,000
Financial Analysis	120,000
Construction Consultant / Cost Estimator	65,000
Site Environmental Study – Phase I	10,000
Site Environmental Study – Phase II	20,000
Seismic Investigation	60,000
Legal / Draft Development Agreement	105,000
CEQA Studies and Environmental Impact Report	85,000
Water Supply Assessment	8,000

Change City Hall building size (design/program changes)	40,000
Contingency	<u>50,000</u>
<b>Estimated Total City Costs</b>	<b><u>\$705,000</u></b>

Agency Special Counsel has concluded that land disposition proceeds lack many of the use restrictions inherent with tax increment revenue and therefore may be used for studies and negotiations related to a new City Hall.

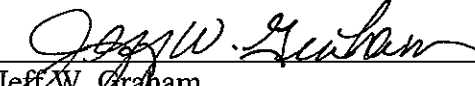
Environmental Impact – This activity is not a “project” under the definition set forth in CEQA Guidelines Section 15378. Therefore, pursuant to CEQA Guidelines Section 15060(c)(3), the activity is not subject to CEQA.

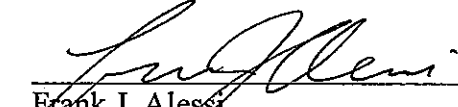
CONCLUSION:

In the event the City Council authorizes the City enter into negotiations with GED, the City has requested the Agency’s Centre City Redevelopment Project fund the City’s expected costs associated with the negotiation and drafting of a development agreement between the City and GED. Such costs also include studies and consultants required to identify site conditions and constraints, minor design changes and to conduct appropriate environmental review. The estimated maximum costs total \$705,000. Such costs are anticipated to be paid from land disposition proceeds from within the Civic/Core district.

Respectfully submitted:

Concurred by,

  
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Jeff W. Graham  
Vice President, Redevelopment

  
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Frank J. Alessi  
Executive Vice President & Chief Financial Officer

- Attachments: A – Zimmer Gunsul Frasca Architects Ownership List  
B – KPFF Consulting Engineers Ownership List  
C – Rules, Open Government, and Intergovernmental Relations Committee  
Actions from June 10, 2009 Meeting