



THE CITY OF SAN DIEGO

DATE ISSUED: October 21, 2009

REPORT NO.: RA-09-31

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of October 27, 2009

SUBJECT: First Amendment to the Loan Agreement with Urban Corps of San Diego
County

REQUESTED ACTION:

1. Authorization for the Executive Director, or designee, to enter into the First Amendment to the Loan Agreement with Urban Corps of San Diego.

STAFF RECOMMENDATION:

1. Authorize the Executive Director, or designee, to enter into the First Amendment to the Loan Agreement with Urban Corps of San Diego.

SUMMARY:

On December 2, 2008, the Redevelopment Agency [the Agency] entered into a Loan Agreement with the Urban Corps of San Diego County [Urban Corps] for the construction of a LEED Certified Recycling Education Center and roof garden [Project] at Urban Corps' headquarters located within the North Bay Redevelopment Project Area (see Attachment 1 – Site Map). The purpose of this action is to authorize entering into the First Amendment to the Loan Agreement [First Amendment] to amend the Project's Scope of Work and Budget to facilitate the development of an Equipment Storage Room within the Project (see Attachment 2 - First Amendment to the Loan Agreement) without increasing the overall project budget.

Urban Corps is currently under construction for Phase II of the three-phased Project that consists of a rehabilitated office building, a LEED Certified Recycling Education Center, an auditorium/community room, a roof garden, and other auxiliary buildings. After realizing cost savings during construction of Phase II, Urban Corps has requested that the Loan Agreement be amended to allow for the construction of an Equipment Storage Room in Phase II. The Equipment Storage Room, originally identified as part of Phase III, will safely and securely house expensive equipment used in the Recycling Education Center (see Attachment 3 – Conceptual Drawings).

The Project as a whole will replace an existing structure that is dilapidated and beyond repair with a 5,800 square foot LEED Certified Recycling Education Center with a roof garden and a 1,500 square foot Equipment Storage Room. The new facility will house education and training



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programs directed at conservation and protection of the environment, in addition to securing the equipment required for the successful implementation of the program. Community and Urban Corps members will benefit from these training programs.

The estimated total development cost for the Project is \$2.16 million. Of this amount, the Agency has committed \$475,000 to the Project under a construction loan (see Attachment 4 – Loan Agreement). The Agency’s loan is provided in two ways: 1) A residual receipts loan for \$225,000 and 2) A forgivable loan for \$250,000. The residual receipts loan is for a term of 20 years at 0% interest, with payments made from residual receipts and/or in-kind services that benefit the North Bay Project Area. Examples of in-kind services allowed as repayment include community clean-ups and graffiti removal. The forgivable loan is for a term of 20 years, due and payable only when and if Urban Corps ceases to carry out its programs under Phase II.

Under this action, no additional financial assistance will be provided to Urban Corps. Urban Corps will be authorized to use construction cost savings associated with Phase II (estimated at \$120,000) for the construction of an Equipment Storage Room within Phase II. Any construction cost overruns are the responsibility of Urban Corps. Under the Loan Agreement, cost savings in Phase II must be used to reduce the balance of the Agency’s residual receipts loan pursuant to the Method of Financing. However, given the value of the construction of an Equipment Storage Room to the Project, Agency staff recommends that Phase II cost savings be utilized for this purpose. Consequently, it is anticipated that Urban Corps will not require any Agency assistance for Phase III if the First Amendment is executed.

Below is a table that generally describes the entire Project concept:

Urban Corps Project Table

	Description	Est. Cost	Funding Sources	Construction Schedule
Phase I	Renovation of Administrative Office and School Bldg – 24,000 SF	\$2.20 million	First Future Credit Union; CDBG; County of San Diego; and Private Donations	Completed – July 2008
Phase II	Recycling Education Center, Roof Top Garden, Offices & Equipment Storage Room – 5,800 SF	\$2.16 million	AB3056; Bank of America; CDBG; and Agency	Started – Jan 2009 Completed – Nov 2009
Phase III	Multi Purpose Community Room & Auditorium and Vehicle Wash & Maintenance Station – 4,300 SF	\$1.05 million	Proposition 84 CDBG All funds reserved no plans to request additional funds from the Agency.	Start – Nov 2009 Completed – Mar 2010

FISCAL CONSIDERATIONS:

No additional Agency financial assistance is needed. Urban Corps will be authorized to use cost savings associated with Phase II (estimated at \$120,000) for the construction of an Equipment Storage Room. Any construction cost overruns are the responsibility of Urban Corps. Under the Loan Agreement, cost savings are to be used to reduce the loan amount. Therefore, the Agency may likely not realize any reduction in public subsidy for Phase II improvements under this action.

Environmental Impact:

This activity is not a project because it involves financial assistance for construction that requires the issuance of a ministerial building permit. Thus, this activity is not subject to CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

PREVIOUS AGENCY and/or COMMITTEE ACTION:

The Agency approved the Loan Agreement with Urban Corps of San Diego on December 2, 2008.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The North Bay Project Area Committee [PAC] recommended approval of the amendment at its October 7, 2009 Special PAC meeting by a vote of 15-0-1. Previously, the North Bay PAC discussed and recommended approval of the Loan Agreement by a vote of 9-0-0.

KEY STAKEHOLDERS & PROJECTED IMPACTS (if applicable):

Key Stakeholders are Urban Corps of San Diego County, MPA Architects, Elevate LLC, J. Whalen Associates, Inc., Nielsen Construction California, and the Urban Corps participants. Please see Attachment 5 – Key Stakeholders Table for ownership information.



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Redevelopment Agency



William R. Anderson
Assistant Executive Director,
Redevelopment Agency

- Attachments:
1. Site Plan/Map
 2. First Amendment to the Loan Agreement
 3. Conceptual Site Plan
 4. Loan Agreement
 5. Key Stakeholders Table