

## Memorandum

DATE ISSUED: July 24, 2007 Report No. SEDC 07-006

ATTENTION: Honorable Chair and Members of the Redevelopment Agency  
Docket of July 31, 2007

SUBJECT: Second Implementation Agreement to Owner Participation Agreement  
with San Diego Gas & Electric

Reference: First Implementation Agreement to Owner Participation Agreement by and between the  
Redevelopment Agency of the City of San Diego and San Diego Gas & Electric dated  
March 1, 1994

Owner Participation Agreement by and Between the Redevelopment Agency of the City of  
San Diego and San Diego Gas & Electric dated June 4, 1987

### REQUESTED ACTION:

Should the Redevelopment Agency of the City of San Diego (Agency) adopt a resolution approving the Second Implementation Agreement to the Owner Participation Agreement (OPA) between the Agency and San Diego Gas & Electric Company (SDG&E) to revise the Schedule of Performance and Scope of Development of an Office Building located in the Gateway Center West Redevelopment Project Area, and provide for Agency to accept the required SDG&E contribution for future improvements to Las Chollas Creek within the SEDC Area of Influence which is located within both the Fourth and Eighth Council Districts.

### STAFF RECOMMENDATION TO THE REDEVELOPMENT AGENCY

That the Redevelopment Agency approves the requested action.

### SUMMARY

#### BACKGROUND

In June 1987, the Agency entered into an OPA with SDG&E for the development of its property located within the Gateway Center West Redevelopment Project Area (GWCW) as well the acquisition and development of the adjacent City-owned property. The OPA provided for the development of the property in two phases. Phase I, completed in March 1989, consisted of the relocation of the Lineman's School and construction of a landscaped parking area. Phase II required the construction of a two-story administrative facility of approximately 20,000 square feet to be completed by June of 1996.

In March 1994, the Agency requested SEDC to assist in the settlement of a cross-complaint brought by SDG&E to an Agency condemnation action for property located near downtown San Diego. SEDC agreed to a revised Schedule of Performance for construction of Phase II, extending the original date of completion to March 2007, and increasing the maximum size of the administrative facility to 60,000 square feet.

## DISCUSSION

The SDG&E site is located on 33<sup>rd</sup> Street, north of Market Street, west of I-15 and south of the Martin L. King, Jr. Freeway. The major portion of the proposed development on the site includes the construction of office and maintenance facilities. The proposed office development consists of an approximately 30,000 square-foot, masonry and glass building to be located east of the upper mesa parking lot site located on 33<sup>rd</sup> Street. Additional improvements to the site include the consolidation of yard materials and installation of heavy duty storage rack systems, parking lot repaving, new landscaping, new fencing and improvements to the entrances and new access gates.

As required by the Schedule of Performance contained in the OPA, SDG&E's scheduled date for commencement of construction was on or before March 2006. Unfortunately, the time for the City of San Diego permit process was longer than anticipated due to jurisdictional disagreements, repeated meetings required by the planning group, as well as negotiations over types of fencing, outdoor storage regulations, landscaping requirements and improvements to areas along Las Chollas Creek as required by the Chollas Creek Enhancement Program. In April 2006, the City of San Diego approved SDG&E's Site Development Permit and in August 2006, SDG&E completed the plan check process for the grading, engineering, and building permits. Construction commenced in early September 2006.

Accordingly, SDG&E has requested an extension of the time for completion of the construction contained in the OPA from March 2007, to December 2007. If approved the attached Second Implementation Agreement will amend the Schedule of Performance to:

- Revise the Construction Commencement Date to the actual date of September 5, 2006.
- Extend the time for Completion of Construction from March 2007 to December 2007.

Additionally, the Scope of Development will be amended to:

- Reflect the administration building size of approximately 30,000 square feet on the site
- Clarify the number of parking spaces to be provided.

Lastly, to fulfill and satisfy the requirements of the City of San Diego Las Chollas Creek Enhancement Plan, the Scope of Development will be amended to reflect SDG&E's obligation to contribute One Hundred Sixty-Two Thousand One Hundred and Eight Dollars (\$162,108) for future improvements to certain portions of the Las Chollas Creek specifically located and designated within the SEDC area of influence. SEDC will accept and hold the contribution until such time as a project(s) is identified. In addition, SDG&E shall grant an easement to the City of San Diego for that portion of the Las Chollas Creek along the SDG&E property line and the existing fence for future creek enhancements by the City of San Diego.

## ALTERNATIVE

Do not approve the amendment to the agreement with SDG&E. The Developer will be in default of the existing schedule.

FISCAL CONSIDERATION

The City Auditor will set-up a fund to receive and deposit the SDG&E contribution in amount of One Hundred Sixty-Two Thousand One Hundred and Eight Dollars (\$162,108) for future improvements to certain portions of the Las Chollas Creek located within the SEDC area of influence.

PREVIOUS AGENCY ACTION AND/OR COMMITTEE ACTION:

First Implementation Agreement to Owner Participation Agreement by and between the Redevelopment Agency of the City of San Diego and San Diego Gas & Electric dated March 1, 1994

Owner Participation Agreement by and Between the Redevelopment Agency of the City of San Diego and San Diego Gas & Electric dated June 4, 1987

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

On November 1, 2006, the SEDC Board of Directors approved the recommendation that the Agency approve the Second Implementation Agreement to Owner Participation Agreement (OPA) between the Agency and San Diego Gas & Electric Company (SDG&E).

CONCLUSION

The administration offices currently under construction are an important and long-awaited activity within GWCW. Development of this new office facility in Southeastern San Diego will complete the development contemplated under the OPA on the SDG&E site.

Respectfully submitted,

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Carolyn Y. Smith  
President, SEDC

Attachment – Second Implementation Agreement to Owner Participation Agreement with San Diego Gas & Electric