THE CITY OF SAN DIEGO

DATE ISSUED: May 5, 2005 REPORT NO. RA-05-17
CMR 05-110

ATTENTION: Land Use and Housing Committee
Agenda of May 11, 2005

SUBJECT: Linda Vista Redevelopment Agency Owned Property and Skateworld Lease

SUMMARY

Issue – Should a Request for Proposal (RFP) be issued for a long term lease with option to purchase for operation of the Skateworld skating rink with provisions for storefront and parking lot improvements, along with other operational improvements to the facility as needed?

Executive Director's Recommendation – Issue an RFP to enter into a long term lease with option to purchase for operation of the Skateworld skating rink with provisions for storefront and parking lot improvements, along with other operational improvements to the facility as needed. Pursuant to Council and Agency Policies an RFP should be issued for the long term lease of the Skateworld roller skating rink owned by the Redevelopment Agency unless otherwise directed by City Council or Council Committee. (Attachment 1)

Other Recommendations – The Linda Vista Community Planning Committee (LVCPC) members approved recommendations at their October 25, 2004 meeting. (Attachment 2)

The Linda Vista Civic Association (LVCA) voted to support the LVCPC action at their general membership meeting of November 18, 2004 with the added provision of including the LVCA in the design and development process. (Attachment 3)

Fiscal Impact – None with this action.

BACKGROUND

The 12-acre Linda Vista Redevelopment Project Area (Attachment 4) was adopted in November, 1972, with the primary objective being the revitalization of the dilapidated shopping center, which was built in 1943. Prior to the 2000 Census, the Redevelopment Project Area was located within the boundaries of both City Council Districts 5 and 6. As a result of redistricting, the Project Area is now located only in District 6. The Redevelopment Agency (Agency) undertook activities throughout the mid to late 1970s to assemble land and convey property for the center's revitalization. This included acquisition of parcels which comprise the Linda Vista Shopping Center, Linda Vista Library, Morley Park, and Skateworld. At this time the Agency owns the

Skateworld property and the adjacent vacant corner property at Linda Vista Road and Comstock Street.

One of the goals of the Linda Vista Redevelopment Plan is a provision for a community meeting hall. In June 2000 a former gas station site at the corner of Linda Vista Road and Comstock Street (corner site) was purchased by the Agency for this purpose. Nearly $1.8 million in funding (CDBG, tax increment, grants, etc.) had been consolidated through the efforts of Council Districts 5 and 6 to purchase and develop this site. The Agency purchased the property for $356,000, and additional significant costs were incurred to remediate the former gas station site. In FY 2000, prior to the redistricting, over $1 million was transferred from this fund by Council District 5 to be applied toward the construction of Becky's House, a home for victims of domestic violence. The fund currently has approximately $300,000 which is not sufficient to cover costs to design and build the Community Center. In addition, the Linda Vista Project Area Fund has approximately $368,000 with annual administrative costs of approximately $50,000, balanced by the annual lease revenue of approximately $50,000. The Project Area generates approximately $70,000 annual tax increment revenue. The Linda Vista Redevelopment project area expires in 2012, and the option of eminent domain expired in 1984.

The Skateworld property is the site of a roller skating rink with various neighborhood serving businesses (Pizza Hut, Payday Advance, Linda Hair Salon, Pho Hoa Vietnamese Restaurant, Vien Tien Video, Pacific Cellular Service, Thai Binh Financial Services, and Truong My Hanh M.D.) which were built onto the east and west sides of the original building. The Stang family has managed the skating rink since 1976. After several short term operating leases with Mr. Gary Stang between 1976 and 1982, the Agency entered into a long term lease in December 1982. In 2002 the lease was reviewed for renewal with the Agency deciding to enter into a three year lease to allow for a community study regarding the property.

Studies and Reports

Various feasibility studies and community surveys have been conducted regarding the disposition of property owned by the Agency.

Skateworld

Keyser Marston Associates Inc. (KMA) was hired in the latter part of 2000 to prepare alternatives for development of this area. The *Feasibility Assessment for Skateworld Development* (October 9, 2000) provides three alternatives for redevelopment including the corner site, the car wash, and the liquor store. In their summary KMA analyzed the feasibility of the following:

- Alternative 1 would provide for the demolition of Skateworld and development of a new commercial facility.
- Alternative 2 suggested rehabilitation of the Skateworld building and construction of a new commercial facility on the adjacent properties.
- Alternative 3 is similar to alternative 2 except the existing Skateworld would be converted to a public indoor skateboard park.

KMA also included analysis of above alternatives excluding the car wash and the liquor store. When these alternatives were presented to the Linda Vista Community Planning Committee it was determined that they did not meet the community representatives' interests.

In keeping with the stated purpose of the current lease with Mr. Stang, Katz & Associates was retained in 2004 to survey the community regarding their ideas on the best use for the property. A number of strategies were used to assemble as much information from the residents as possible. Qualitative tools included a focus group, small group meetings, and one-on-one interviews. A random telephone survey was used for gathering quantitative data. In July 2004 Katz compiled this information into the *Linda Vista Redevelopment Project Area Community Survey Report.* (Attachment 5)

Combining the qualitative and quantitative data resulted in the following findings. These findings are in no particular order:

- Active members of Linda Vista civic groups feel passionately about maintaining the building housing Skateworld and other businesses. They feel Skateworld in particular is a great asset to the community. The owner of Skateworld is active in Linda Vista civic groups.
- Community members not active in civic groups who participated in the qualitative study do not have strong opinions about the best use for the two parcels. Some are supportive of keeping Skateworld and the storefront businesses around it; others think the community would be better served by other uses.
- The quantitative survey found that, when asked in an open-ended format, about half of the community has no opinion about how to best use the two parcels. About 2% think the City should do nothing. The rest are split among 12 ideas including a community center, parks and sports fields, entertainment for kids, upscale shopping, restaurants, discount stores, grocery stores, unspecified renovation and redevelopment, housing, retail space, improved services, and "cleaning up the neighborhood."
- When asked about their support of specific redevelopment projects, the quantitative survey identified the following as most popular:

More entertainment for kids	82%
More parks or open spaces	75%
More retail, including restaurants	64%
More parking	52%
More entertainment for adults	50%
More housing	48%
More office space	40%

- Most community members think the appearance of both the vacant lot and the building housing Skateworld and other businesses need to be improved.
- A little less than a quarter of adult community members use Skateworld. About 40% of households have children who use Skateworld.

- About two thirds of the community uses the other shops in the building that houses Skateworld.

One of the goals of redevelopment is to assemble property, resell the property assembled and /or participate in the redevelopment of property. Issuing an RFP to enter into a long term lease with an option to purchase for operation of the Skateworld skating rink would support the goals of redevelopment, provide an opportunity for property ownership in the community, as well as create jobs. Provisions for storefront and parking lot improvements, and other operational improvements to the facility would also be included.

Corner Site (Former Gas Station Site)
During the time when the Agency was considering the purchase of the former gas station site "brainstorming" meetings were conducted to explore viable options for the property.

Beginning in September 2000 community charrettes provided the residents of Linda Vista the opportunity to participate in the discussion of the proposed "Town Center" on the corner site. A community task force was formed to provide community direction for a proposed town center on this property. The initial task force meeting was held September 13, 2000. Subsequent community charrettes were conducted. A number of uses were recommended (in no particular order):

- large civic space (office and commercial); perhaps two or three stories
- recapture history of Linda Vista; office spaces; cultural inclusion; not private, but public for the community
- police office
- "icon" architectural feature (steam clock)
- pedestrian and civic-oriented
- build around Skateworld; make reference to the historical significance as a centerpiece; have a second story, if feasible with a coffee shop/cafeteria if architecturally sound

In 2003 Mr. Frank Piersall submitted a letter of interest to purchase the vacant corner property adjacent to Skateworld for the purpose of expanding his current business and adding a coffee shop on the corner. Mr. Piersall owns the self serve car wash adjacent to the two agency owned properties. At that time the Agency was not considering selling this property due to the community study being conducted regarding the Agency property. In 2004, Mr. Piersall verbally renewed his interest in purchasing the corner property.

ALTERNATIVES

Alternatives for both properties include:

Skateworld Property
Since the building which houses the rink was part of the original shopping center built in 1943, a community group is working to designate it as an historic site. If the building receives this designation it will effect the treatment of the building. It is unclear at this time if the historic designation could be achieved without restoring the building to its original condition.

- Issue an RFP to enter into a long term lease for operation of the skating rink with provisions for storefront and parking lot improvements, along with other operational improvements to the facility as needed.

- Issue an RFP for private development of the site with a provision to enter into a DDA which would include purchase of the property.

Corner Site

- Issue a Request for Proposals (RFP) for a public/private venture or private development to create a commercial/retail building with dedicated public meeting space on the corner site. This could be with a private developer or a nonprofit organization and would lead to a Disposition and Development Agreement (DDA).

- Issue an RFP for private development of the site with a provision to enter into a DDA which would include purchase of the property.

- Create an open space as an extension of Morley Park which would be added to the Maintenance Assessment District for maintenance.

Skateworld Property and Corner Site Combined

Issue an RFP for adaptive reuse of the original Skateworld building and new commercial development on the corner site.

Respectfully submitted,

Debra Fischle-Faulk
Deputy Executive Director
Redevelopment Agency

Approved: Hank Cunningham
Assistant Executive Director
Redevelopment Agency

FISCHLE-FAULK/LD

Attachments:

1. Rachel H. Witt, Deputy City Attorney October 7, 2004 Opinion
2. Linda Vista Community Planning Committee October 25, 2004 meeting minutes
3. Linda Vista Civic Association November 18, 2004 meeting minutes
4. Site Map
5. *Linda Vista Redevelopment Project Area Community Survey Report*, Katz & Associates, July 2004

ATTACHMENT NO. 1

ATTORNEY TO CLIENT CORRESPONDENCE

FOR CONFIDENTIAL USE ONLY

Office of
The City Attorney
City of San Diego

MEMORANDUM
MS 59

(619) 533-5800

DATE: October 7, 2004

TO: Maureen Ostrye, Deputy Director
Libby Day, Assistant Project Manager

FROM: Rachel H. Witt, Deputy City Attorney

SUBJECT: Applicability of Council Policy 700-41 on Agency-owned Property

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Issue

1. Does Council Policy 700-41 apply to Agency-owned property in the Linda Vista Redevelopment Area?

2. Can the Request for Proposal [RFP] process be waived when there is a long-term lease?

Short Answer

1. Yes. Council Policy 700-41 does apply to Agency-owned property.

2. Yes. Under Council Policy 700-41, the RFP process can be waived for long-term leases, but only if it is specifically authorized by the appropriate Council Committee or City Council.

Analysis

1. Redevelopment Agency Policy 300-1 entitled, "Property Management," establishes the policies and procedures for the operation of Agency-owned properties. As it pertains to leases, Agency Policy 300-1 requires lease agreements for Agency-owned property, other than month-to-month agreements, conform to the procedures for leasing City-owned land set forth in Council Policy 700-10.

Among other things, Council Policy 700-10 addresses lease duration and selection for City-owned property. Council Policy 700-41 further expands on Council Policy 700-10. It requires the use of the RFP process for all leases of City-owned land unless an exception is granted by the applicable Council Committee or City Council. Because Council Policies 700-10 and 700-41 are directly related to one another, they both apply to the Agency-owned property under Agency Policy 300-1.

2. Long term leases are also addressed in Council Policy 700-41. It states:

> Whenever an existing lessee is seeking renewal of an expiring long-term lease, the Manager will bring the issue of renewal, with an appropriate recommendation, to the applicable Council Committee prior to issuance of an RFP. If a determination is made to negotiate renewal of the lease agreement, the consideration will be to improve services and products, and improve lease terms in accordance with Council Policy 700-10, Disposition of City-owned Real Property.

If the Agency is interested in renewing a long-term lease without the RFP process, it could do so, but only with the approval of either a Council Committee or the City Council itself.

Conclusion

Council Policy 700-41 is applicable to Agency-owned property, as are Council Policy 700-10 and Agency Policy 300-1. Under these policies, lease agreements for Agency-owned lands must use the RFP process unless otherwise directed by the City Council or Council Committee

Please do not hesitate to contact me for any further discussion or assistance on this issue.

Minutes of the Linda Vista Planning Committee
October 25, 2004

Chair Ed Cramer called meeting to order at 7:00 p.m. on October 25, 2004

Presentation of Colors by the Kearny High School Educational Complex Jr. ROTC Color Guard Unit.

Roll Call: All present except Ester McNulty (excused), Liliani Stiffler (excused), Ron Tomcek (excused), Don Wetzel (excused).

Captain **Stephen Linges, SDFD**, introduced additional members of the Linda Vista Fire Station and distributed information titled "Safety Checklist for Older Adults). He also answered questions regarding distribution of Christmas baskets in December.
Kevin Smith Councilmember Donna Frye reported that Donna had submitted the final report concerning Closed Sessions and thanked the LVCPC for their support. Donna will take appointments to meet with her at Bayside on 11/19 from noon to 2 p.m.
Cecelia Williams, City Planning, reported that Janis Richmond, Gary Stang and Ester McNulty need to attend a Community Orientation Workshop in order to become validated by City Insurance. A workshop is scheduled for November 30.
Grover Diemert, Bayside Community Center, announced that the Bayside Gala would be held on November 13 at the Doubletree Hotel in Mission Valley at 6 p.m.
Doug Beckham, Linda Vista Recreation Council, announced that Dede Alpert would be honored the following Monday.

Doug Beckham moved that the Minutes of the September 27, 2004 LVCPC meeting be approved. Motion passed unanimously.

Main Presentation

Libby Day of the Redevelopment Agency and Deputy City Attorney Rachel Witt were present to provide staff support for the discussion of the suggested future use and disposition of Agency owned parcels (Lots A and B) of the Linda Vista Shopping Center.

The October 7, 2004 letter outlining policy (Council Policy 700-41) and the Request for Proposal process (RFP) from Dep. City Attorney Witt was gratefully acknowledged.

After a full discussion, during which every member of the committee provided input, the following motion was adopted by a vote of 9 yes and 2 no. Committee Member Stang recused himself and the Chair did not vote.

Recommendation to Councilmember Frye regarding the future of Parcel's A (Corner Lot) and B (Skateworld Lot & Building) following the results of the Katz Community Survey.

The Linda Vista Community Planning Committee at a regular monthly meeting on October 25, 2004 made the following recommendation:

1. That both Lot's A and B be included in any redevelopment of the area.

2. That the ultimate goal is to provide an appealing structure which will satisfy the following requirements:

a. Retain the historic profile of the original building.
b. Provide recreational, public and commercial needs of the community.
c. Enhance the appearance of the property and thus the neighborhood.
d. Provide adequate parking.

3. Specific recommended uses are as follows:

a. Recreational – Retain Skateworld and possibly add a Skateboard Park.
b. Public – Provide a Police Store Front and possibly a City Service Center
c. Commercial – Continue Small Business operations as applicable

4. Suggested Procedures to achieve goals.

a. The LVCPC strongly suggests that direct negotiation be held with the existing Skateworld tenant who has performed a marvelous community recreational service for over 30 years. These negotiations for a long term lease should provide options for eventual purchase of the property on market terms. Direct negotiation for long term leases, according to Deputy City Attorney Rachel H. Witt, is permissible when authorized by the appropriate Council Committee or City Council (see opinion letter dated 10/7/2004).

b. The LVCPC requests that it be a part of the design and development process.

Meeting adjourned at 8:55 p.m.

Minutes respectfully submitted by Dianne Cramer, Acting Secretary

LINDA VISTA CIVIC ASSOCIATION
GENERAL MEMBERSHIP MEETING
November 18, 2004

MINUTES

Doug Beckham, President, called the November General Membership meeting of the Linda Vista Civic Association to order at 7PM at the Baha'i Center. There were approximately 22 people present. The colors and Pledge of Allegiance were presented by the Kearny High School Junior ROTC Color Guard Unit. The program for the evening included:

ANNOUNCEMENTS:

a. Officer Borders indicated she did not have anything to report. She did mention transients who have moved since the San Diego River has risen. She said to call Western Division if there are any problems.

c. Jason Faran from County Supervisor Ron Roberts' office reported that more flu shots were received for San Diego and distributed information on how to find out where the flu shots are available.

d. Cardidad Sanchez from Congresswoman Susan Davis' office reported on the transportation bill and the a bill coming out of the 9/11 Commission recommendations. Also, that Congresswoman Davis won reelection.

e. It was announced that on December 2, 2004,from 5 to 7 at McDonalds Linda Vista, 20% of proceeds will go to the LVCA Scholarship Fund. Everyone is invited.

f. It was reported that the Riverwalk Golf Club off Fashion Valley Road, has a great restaurant and is available for breakfast, lunch, dinner all with no wait and at reasonable prices.

PROGRAM:

1. Doug introduced Carl DeMaio of the Performance Institute, a Think Tank concerned with government accountability. Carl had a very interesting presentation concerning the city of San Diego's fire financial situation. He stated it is the worst it has ever been and spoke at length about what can be done to right our financial woes. San Diego is living beyond its means. He mentioned the 10 reforms recommended by the Performance Institute. These included: 1. Balanced budget; 2. Audit, 3. Reorganize to cut fat; 4. Improve services in the city; 5. Create competitive bid process; 6. Give employees 25centers for each $1 they save the city; 7. Take care of pension liability; 8. Establish limit on spending increases; 9. Reduce corporate welfare; and 10. Reduce mayor and city council staff. Handouts were provided.

2. Doug introduced Libby Day, Redevelopment Agency for City of San Diego, who spoke extensively of the 2 parcels of land at the Linda Vista Shopping Center consisting of Skateworld building and the empty lot. She mentioned the survey that was taken of residents and business owners in Linda Vista, which showed that 82% of respondents wanted more entertainment for kids and 75% wanted more parks or open

spaces. She also reported on the recommendations of the Community and Economic Development, which were provided in a memo to Councilwoman Donna Frye. This memo was provided to attendees.

After much discussion, Wayne Bamford made a motion to show the support of the Linda Vista Civic Association General Meeting membership for the recommendations made by the Linda Vista Community Planning Committee on this subject at their meeting of October 25, 2005 in its entirety. The motion was seconded by Janet Kaye and after much discussion was called for a vote and passed by a great majority. The motion included a friendly amendment that the LVCA be a part of the design and development process for these parcels.

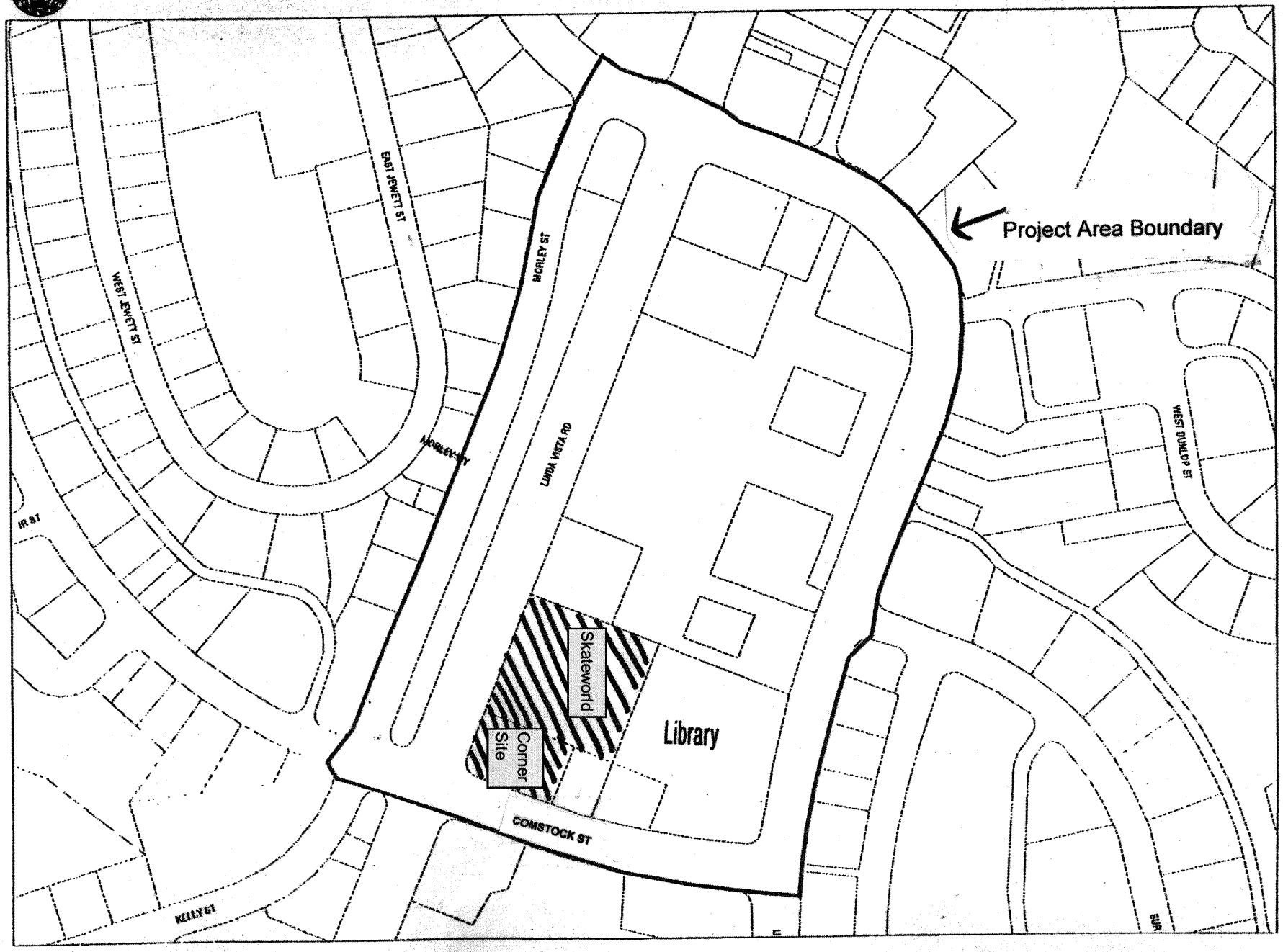
ADJOUURNMENT

The meeting was adjourned at 8:15.

Respectfully submitted:

BETTY RODRIGUEZ
Recording Secretary

Linda Vista Redevelopment Project Area



Agency Property

ATTACHMENT NO. 4