



DATE ISSUED: September 22, 2006

ATTENTION: Centre City Development Corporation
Meeting of September 27, 2006

SUBJECT: Navy Broadway Complex (site bounded by Broadway, Harbor Drive and Pacific Highway) – Proposed Development – Under Agreement between The City of San Diego and The United States of America – Adopting a Development Plan and Urban Design Guidelines for Redevelopment -- Columbia and Marina Sub Areas of the Centre City Redevelopment Project

STAFF CONTACT: Eli Sanchez, Senior Project Manager
Garry Papers, Manager–Architecture and Planning

REQUESTED ACTION: Corporation Board direction to continue working with Manchester Financial Group and review the continued staff analyses of the proposed redevelopment of the Navy Broadway Complex (“NBC”) site located on the 15-acre site bounded by Broadway, Harbor Drive and Pacific Highway (“Site”) within the Columbia and Marina Sub Areas of the Centre City Redevelopment Project (Attachment A).

STAFF RECOMMENDATION: That the Corporation Board direct staff to continue to work with the Manchester Financial Group (“Developer”) on:

- **The “qualitative” measures, in accordance with the Development Plan and Urban Design Guidelines;**
- **Issues raised at the City Council’s informational hearing of September 19, 2006; and**
- **Input received from the CCDC Design Panel presentation of September 12, 2006.**

SUMMARY

In 1992, the City of San Diego (“City”) entered into a Development Agreement with the Navy adopting a Development Plan and Urban Design Guidelines for redevelopment of the NBC Site.

The 1992 Development Agreement (“Development Agreement”) gives CCDC the authority to act on behalf of the City to make a determination whether or not plans and specifications for any

proposed project are consistent with the Development Plan and Urban Design Guidelines. CCDC will handle design review, public workshops and hearings to ensure consistency with the Development Agreement and the North Embarcadero Visionary Plan (“NEVP”), including scale and building materials. CCDC will also review the proposed project for conformance with the CEQA.

Staff continues to review plans and specifications submitted in accordance with the Development Agreement (Attachment B). The review looks both at “quantitative” and “qualitative” issues. With regard to the proposed site plan, the “quantitative” determination is very-straight forward (i.e. numerical determinations, such as square footage, height, setbacks, park space, etc.)

The “qualitative” issues are very complex and involve more-detailed processes with regard to architecture; urban design and public-space design (such as north/south pedestrian walkway/paseo) that will take place in the future as each block and individual building(s) are reviewed at subsequent steps and in accordance with the Development Agreement.

On July 26, 2006, the Real Estate Committee directed CCDC staff to look at a number of issues and changes with regard to “qualitative” discussions in the draft staff analyses and to obtain additional information to be included in the staff analyses. The staff presentation will provide a follow up to the staff efforts in response to the Committee direction.

FISCAL CONSIDERATIONS: None.

COMMITTEE RECOMMENDATION: On July 26, 2006, the Real Estate Committee directed CCDC staff to look at a number of issues and changes with regard to “qualitative” discussions in the draft staff analyses. The Committee further directed staff to:

- Assemble a panel of architects and urban planners to provide some guidance to the Corporation Board with regard to “qualitative” issues.
- Receive input and comments from the City Council meeting scheduled for September 19, 2006;
- Include information received from these two meetings in the subsequent staff analyses for the project; and
- Obtain a legal opinion on CEQA compliance.

CENTRE CITY ADVISORY COMMITTEE (“CCAC”) RECOMMENDATION: On September 20, 2006, the CCAC received a presentation of the staff analyses and proposed development on the NBC Site. The Committee voted 19 to 0 that the Corporation:

- **Make findings that the proposal is consistent “quantitatively” with the design guidelines and development standards, but needs much more work in order to make a determination of “qualitative” consistency (design);**

- **Allow exploration and incorporation of an internal park, let Art Gensler (project architect) “loose” (i.e. be creative); buildings need better articulation, not more articulation, and design, and construct a LEED certified building;**
- **The creation of contemporary “San Diego Architecture” entails much more than references to the city’s historical icons. Given the scale and significance of this project, CCAC urges the development team to strive for the highest level of contemporary design in its execution;**
- **The “cultural facility” should be concentrated in one location on the site, and it should be designed as a civic “icon”. This space should not be scattered throughout the site within the ground level of buildings. Ideally, this iconic building should be located immediately south of the primary park space at Broadway and Harbor Drive and should interact with that public space;**
- **The east side of the project (along Pacific Highway) should incorporate significant street-level, neighborhood-serving retail space that activates the street and the adjacent community; and**
- **That the Corporation ask the U.S. Navy to produce a Performance Schedule for Development within 90 days after the signing of the lease.**

CHANGES SINCE BOARD COMMITTEE MEETING: Changes that have occurred at the Board Committee are noted in bold font on pages one, two, three, five, six and seven.

OTHER RECOMMENDATIONS: None.

BACKGROUND

In June 1987, the City and the Navy entered into a Memorandum of Understanding (“MOU”) that set forth a process for the formulation of detailed plans and terms of development for NBC. Federal legislation, specific to the development of the Site, authorized the Navy to enter into a long-term lease with developer(s) for redevelopment of the Site, provided that any property leased was developed according to the “Central Bayfront Design Principles.”

The Development Agreement outlines specific uses, building size, and height and design guidelines, as well as requirements to complete significant public improvements. The Development Agreement contemplated a significant amount of development on the Site, including a maximum of 1,650,000 square feet of office space, 1,220,000 square feet of hotel, 25,000 square feet of retail, 55,000 square feet of museum/cultural space, parking to serve the development and 1.9 acres of open space at Broadway. According to the Development Agreement, if a lease contemplated in the Federal legislation was not signed by January 1, 2002, the Development Agreement would expire.

In late 2001, at the request of the Navy, and to prevent the entitlements from expiring, CCDC staff processed an Amendment to the Development Agreement to extend its deadline for one

year. The extension was to allow time for consideration of alternative strategies to move the NBC project forward. The City Council approved the Amendment to the Development Agreement on December 3, 2001, which changed the expiration date from January 1, 2002 to January 1, 2003. In November 2002, the Navy and the City again extended the expiration date from January 1, 2003 to January 1, 2007.

The 2001 and 2003 Amendments state that the purpose of such amendments is to keep the Development Agreement in full force and effect for a period of time deemed adequate to bring the Development Agreement into consistency with the NEVP. Accordingly, CCDC will also review the proposed Master Plan for consistency with the NEVP. Due to its size and location, the NBC Site is an important site within the North Embarcadero.

In 1997, CCDC, along with the City, the County of San Diego, the San Diego Unified Port District and the Navy, formed the North Embarcadero Alliance (“NEA”) to draft, endorse and adopt a new plan for the waterfront area west of the railroad right-of-way and Laurel Street to the north, and Harbor Drive to the south. The resultant NEVP has two main objectives: to install a variety of public improvements to beautify the area to encourage new development and to prescribe regulatory standards that contribute to a unified development pattern to the waterfront. Work on the NEVP is currently in the schematic design phase.

On March 31, 2006, the Navy selected Manchester Financial Group (“Developer”) as Developer for the NBC. The Developer has submitted a package to CCDC for the proposed Master Plan for the development of the entire NBC and the phase one Basic Concept/Schematic Drawings for the proposed Navy Building.

On June 19, 2006, the Developer submitted a pre-submittal “screen check” package for the Master Plan and Navy Administration Building. Under the “completeness review” process, staff limited its review of the packages to whether all required information had been submitted in the prescribed format. These packages were found to be substantially complete but in need of some clarification and additional information. The Developer subsequently delivered the final submittal packages for the Master Plan and the Navy Building on June 30, 2006.

During the last six months, CCDC has facilitated five public meetings to obtain community input on the proposed project. The meetings were cumulatively attended by approximately 550 individuals. Each meeting included a presentation of the project as then proposed by the Developer and sessions were facilitated to discuss the various aspects of the project and process for consideration and possible action by the Developer. The meetings also included the consideration and public input for the conceptual park design for the 1.9-acre public park on the Site. Participants were encouraged to provide oral and written comments about the proposed project and process. This public meeting process has now been completed. A summary of the comments by the public is included as Attachment C.

A status update of the proposed project was presented to the full Board on May 24, 2006 and June 28, 2006, and the Real Estate Committee on June 7, 2006 and July 26, 2006. Concerns were raised by Board members as to the overall design, particularly with how the project’s scale fit with the existing and proposed skyline. Board members also raised issues with the

distribution and massing of buildings and how the buildings relate to Harbor Drive, the 1.9-acre public park, and other open-space amenities on the Site. On July 26, 2006, the Committee directed CCDC staff to look at a number of issues and changes with regard to “qualitative” discussions in the draft staff analyses and to obtain additional information to be included in the staff analyses.

DEVELOPMENT TEAM

ROLE/FIRM	CONTACT	OWNED BY
Property Owner United States Navy	Karen Ringel	United States of America
Developer Manchester Financial Group	Perry Dealy, President	Privately Owned
Construction Manager <i>Not Selected</i>		
General Contractor <i>Not Selected</i>		
Subcontractor <i>Not Selected</i>		
Architect Gensler	Andy Cohen, Project Manager	Privately Owned
Tucker, Sadler	Hal Sadler	Privately Owned
Landscape Architect Wallace Roberts & Todd, Inc.	Kathleen Garcia	Privately Owned

DISCUSSION

An expert panel of architects/urban designers (“Panel”) was assembled by CCDC on September 12, 2006. The Panel consisted of nationally recognized urban designers and architects, along with an architectural critic. A brief biography of each panelist is included as Attachment D. The Panel reviewed the current state of and future possibilities for the design of downtown San Diego’s western waterfront and the NBC Site. The Panel also reviewed case studies on recently built and proposed projects along the western waterfront, including the NBC and NEVP. The Panel conducted a five hour working session and a presentation of its findings from the working session to the public. A copy of the Panel’s presentation is included as Attachment E.

Below is a bullet point summary of the Panel's conclusions:

Urban Design/Context

- “Build a contextual neighborhood with a consistent edge along Harbor Drive”
- “Iconic buildings at key Harbor Drive corners”

Architecture

- “Move the San Diego waterfront and its skyline into the 21st Century”
- “Deliver high-performance (sustainable) buildings”

Open Space & Form

- “Uniform Harbor Drive Streetwall:” Approximately 75' ht.
- Park at corner “comprises Broadway funnel;” shift Park into internal location
- Treat N-S passage as true “street” & activate with “uninterrupted double-loaded retail”
- “No fear of height” – all Pacific Highway blocks up to +/- 400 ft; one tower per block
- Activate Pacific Highway ground floor
- Encourage all commercial to serve locals first – “visitors will follow”

At the City Council meeting of September 19, 2006, CCDC staff made a presentation to the City Council of the history of the Development Agreement, the process that CCDC has implemented in the review of the proposed project by the Developer, a staff analysis of the “quantitative” measures, and a brief description of the “qualitative” measures to be considered by the Corporation Board.

The City Council also received information pertaining to the Base Realignment and Closure (“BRAC”) process from the Economic Development Corporation and the offices of the 52nd Congressional District. The following bullet points summarize some of the items that were emphasized by these representatives:

- No time extensions will be granted by Congress.
- Congress will not reopen the BRAC process.
- BRAC process concluded that there was no alternative site in San Diego for the Navy facility currently located on the NBC Site.
- Under provisions of 2005 BRAC legislation, the Secretary of the Navy would sell the NBC Site for Fair Market Value.
- The Navy could occupy the site through 2011.
- The BRAC process is fraught with uncertainty of use, development standards and timing of any redevelopment.

The City Council also heard from opponents and proponents of the proposed project. In response to the staff presentation and public comment, the City Council generally expressed an expectation that the NBC Site would be developed in accordance with the Development Agreement. However, the City Council further emphasized that the project should provide a high quality pedestrian activated open space and public realm experience

and that the project should provide public art and contribute cultural amenities to the City's western waterfront. The architectural elements of the project are expected to attain a quality of design and materials to provide San Diegans and visitors to San Diego with a world class destination environment. A list of key comments noted by CCDC staff is attached as Attachment F.

PROJECTED ANALYSIS AND IMPACT ASSESSMENT

Environmental Impact – The City Council raised issues in regard to the roles of the City and CCDC as relates to the CEQA review for the proposed project at its meeting of September 19, 2006. The City Attorney's Office is preparing a response to the City Council and will, as it has with its past two memorandums, also provide copies to CCDC when the document is distributed.

SUMMARY/CONCLUSION

Based on the staff presentation and information provided to the Board, staff seeks direction from the Board on how to proceed with its review of the qualitative elements of the proposed design of the project by the Developer.