



Southeastern  
Economic  
Development  
Corporation


T 619.527.7345  
F 619.262.9845  
www.sedcinc.com

**Via E-Mail and Inter-Office Mail**

**M e m o r a n d u m**

**Date:** July 11, 2007

**To:** James T. Waring, Assistant Executive Director  
Janice Weinrick, Deputy Executive Director

**From:** Carolyn Y. Smith, President 

**Subject: Summary of Activity for Agency-Owned Property at 5335 and 5415 Market Street**

On July 3, 2007, Pat Flannery wrote an article on the Flannery Blog regarding the redevelopment of property located at 5335 and 5415 Market Street in the Central Imperial Redevelopment Project Area. The site is zoned for light-industrial development and includes an existing building of 42,730 square feet and two vacant acres. The following is a brief summary of the site activity.

- **April 2000**, the Redevelopment Agency approved a Purchase and Sale Agreement with Mr. Artie Owen (Caravan Properties, LLC) for the purchase of 4.4 acres at 5335 and 5415 Market Street for \$2.6 million. The Agency offer was behind an offer made by the San Diego Rescue Mission. They (The Rescue Mission) were attempting to relocate their thrift shop from downtown San Diego due to the construction of Petco Park.

The acquisition was originally a joint proposal between SEDC and CCDC as a way to facilitate the relocation of the wholesale produce industry out of the East Village (See Attachment No. 1 – September 20, 1999 Agency Report).

- **September 18, 2000**, SEDC distributed a Request for Qualifications/Proposals for the site and received four responses including a proposal from Taylor Construction (TayRad, LLC). The Agency set a minimum purchase price of \$2 million due to the fact that a portion of the site would need to be elevated out of the 100-year flood plain. Taylor Construction offered \$2.4 million for the 4.4 acres.
- **December 12, 2000**, the Redevelopment Agency approved an Exclusive Negotiating Agreement (ENA) with TayRad, LLC. The ENA contemplated the substantial rehabilitation of the existing building for two tenants Pacifica Services and AMSEC (a subsidiary of SAIC) and the future purchase of the additional 2 acres.

- **February 20, 2001**, the City Council and Redevelopment Agency held a joint public hearing to approve a Disposition and Development Agreement (DDA). The DDA included what is now a standard requirement in SEDC's agreements an "Additional Purchase Price" that is calculated over the life of the redevelopment plan and is activated if, at any time the property is removed from the tax rolls.

The DDA provided for the conveyance to occur in two phases with the majority of the purchase price required in Phase I. Phase I required the rehabilitation of the existing building to the specifications of the two tenants. The purchase price for Phase I (the building) located at 5335 Market Street was \$2.1 million and Phase II required a payment of \$300,000 upon the close of escrow on the vacant property. We retained the vacant parcels in the event the developer did not perform.

- **October 15, 2002**, the Redevelopment Agency approved a First Implementation Agreement which amended the Method of Financing (wherein the Agency would reimburse the developer \$210,000 for remedial site work), the Schedule of Performance and the Scope of Development.
- **October 2002**, the Redevelopment Agency entered into a Settlement and Release Agreement with TayRad, LLC and Edge Flood Response, Inc. for certain water damage that occurred in the existing building prior to the close of escrow. The total cost of repairs was initially reported by Edge Flood Response to be \$34,712, the Agency and TayRad questioned certain cost and ultimately settled for \$22,500.00 of which the Agency paid \$15,000 and TayRad paid \$7,500.
- **September 14, 2004**, the Redevelopment Agency approved the Second Implementation Agreement to the DDA which revised the additional purchase price to reflect the increased land value and it also removed the Agency from any responsibility for the remedial work covered (thus eliminating the \$210,000 Agency cost) by the First Implementation Agreement. The Developer was slow in obtaining permits necessary to build the 30,000 square foot building. Yet at the same time the value of the property had increased. We were made aware by the potential end users (Har-Bro Construction and Closet Works) of the price per square foot they were being charged. Following additional negotiations, we entered into the Second Implementation Agreement.
- **April 5, 2007**, Site Development Permit No. 10481 was issued for the development of 30,000 square feet on the remaining 2 acre site.
- **July 11, 2006**, the Redevelopment Agency approved a Third Implementation Agreement which provided for an Assignment and Assumption Agreement among the Agency, TayRad, LLC and Har-Bro Construction and Consulting, Inc.

Jim Waring  
Janice Weinrick  
July 11, 2007  
Page 3 of 3

- **July 2007**, Har-Bro Construction is currently constructing the two 15,000 square foot buildings for a total of 30,000 square feet (Please see attached Photos) as required under the Schedule of Performance. Har-Bro Construction will occupy one building and are actively seeking a tenant for the second building.
- **July 2007**, The Old Globe has recently purchased the existing building located at 5335 Market Street. This will accommodate the scene and paint shop function that was formally housed in leased space located on Commercial Avenue within the Dells/Imperial Study Area. SEDC has a meeting scheduled with the executive director of The Old Globe to determine their plans for the building.

**Mr. Artie "Chip" Owen**

Mr. Artie "Chip" Owen was appointed to the SEDC Board of Directors in 2003. He was elected chairman of the Board February 28, 2007. He is a partner with Pacific Development Partners, LLC on certain real estate transactions occurring outside of SEDC's area of influence. In each instance where the SEDC Board of Directors has taken formal actions or decisions on the subject properties, Mr. Owen has recused himself from the record and abstained from voting. All SEDC Board minutes reflect these actions. The following are the properties where Mr. Owen has abstained from voting:

- Any activity involving Pacific Development Partners, LLC - Mark Burger, General Partner, MTB Family Limited Partnership (Managing Member) and Rcn Recht, General Partner, RAR Family Limited Partnership (Managing Member)
  - Imperial Marketplace Retail Center
  - Valencia Business Park
- Any activity involving Roseau Development, LLC No. 2 - James Smith, Managing Member
  - Valencia Business Park
  - Commercial Rehabilitation Loan from the Agency to Roseau Development for Property located at 6381 Imperial Avenue
- Any activity involving TayRad, LLC or Har-Bro Construction
  - Property located at 54<sup>th</sup> and Market Streets

I hope this summary is useful. If you require additional information please feel free to contact me.

CYS:kk

Attachments: 1 Redevelopment Agency Report Dated September 20, 1999  
2 Har-Bro Construction Photos

c: Chair and Members of the SEDC Board of Directors wo/attachments