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# Developer withdraws City Hall proposal

## Lone company left praises competition

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**DOWNTOWN SAN DIEGO** – In the competition to build a new City Hall for San Diego, the underdog is now the only dog.

Portland, Ore.-based Gerding Edlen is the lone developer still in the running to overhaul the four-block Civic Center, meaning that officials have only one bidder to choose from for a \$600 million-plus job.

Hines Corp. yesterday withdrew its proposal for the 6-acre redevelopment after a financial analysis released Thursday showed the company's plan was more costly than Gerding's. Both developers submitted plans to raze the current 1960s-era buildings and replace them with new city offices.

Gerding's proposal offered an eye-catching sail-like design and more private development. The company had only kind words for Hines yesterday.

“If it weren't for Hines being involved and the high-caliber team they had, everybody would not have sharpened their pencils so much. They raised the level of the competition,” said Gerding spokesman Tom Cody.

Cody said the biggest challenge still facing his firm, which has never undertaken a project in San Diego, is that the City Council could chose to drop the whole idea.

In the past, Texas-based Hines looked like the front-runner because of its strong relationships

in San Diego after serving as the developer on Petco Park for Padres owner John Moores.

“While we remain confident in the strength of our proposal, it is clear that the initial analysis conducted in this process does not favor our approach,” the company said in news release. “For that reason, we have made a business decision to withdraw from the competition and to focus our efforts on our other projects in San Diego.”

The Hines announcement won't change the game plan for the Centre City Development Corp., the city's downtown redevelopment authority, a spokesman said.

CCDC officials had planned to take the two proposals to the City Council on Oct. 21 for a decision about whether to move ahead and with which developer. Now the decision will simply be whether to maintain the status quo or forge ahead.

Hines spokesman Paul Twardowski said there are no hard feelings, it was just the right point in the competition to bow out.

“The competition has occurred. . . . It was clear at this stage where (the city's) recommendation was going to go,” Twardowski said.

He said the decision was made over the past 24 to 48 hours.

Hines first got wind of the financial analysis by a city consultant Tuesday. It showed Gerding beating Hines' financial projections by a significant margin.

Either proposal would be cheaper than doing nothing new with the aging 1960s-era Civic Center complex at Second Avenue and C Street, according to the analysis.

The city analysis determined that the Hines proposal would cost the city \$784 million over 50 years, compared to a range of \$628 million to \$650 million for the Gerding Edlen proposal.

Continuing to use the current city offices downtown would cost at least \$1.05 billion over that time because of maintenance and the need to lease outside office space.

Hines still thinks the city should move forward and overhaul the Civic Center, Twardowski said. “It's a very clear answer there. It's hard to look at all this evidence and conclude we don't need this.”

CCDC Chairman Fred Maas said the process benefited from Hines being involved.

“We extend our deepest appreciation to the Hines team for the significant effort and dollars

spent throughout this process. Hines is a world-class developer who brought a special expertise and vision to this process.”

The city initially had eight developers vying to rebuild the four-block downtown complex. Hines and Gerding made the final cut and unveiled their drawings last month.

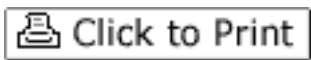
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