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• Jan. 28, 2008

San Diego Civic Center Project Narrows Developer Search to Two

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The two finalists vying to redevelop the Civic Center Complex in downtown San Diego plan to draw on their experience in green design and public-private partnerships to build a new City Hall and mixed-use development.

Houston-based **Hines** and **Gerding Edlen** of Portland, Ore., were selected last month to prepare redevelopment plans for the 6-acre site covering four blocks in the center of downtown. Both firms have worked on major civic projects and massive urban developments similar to what may be developed in San Diego.

The finalists are expected to participate in a series of public meetings over the coming months. Final proposals are scheduled to be due in September.

The city is seeking a new City Hall surrounded by public spaces and private development to replace outdated and inefficient municipal buildings in one of the last areas untouched by redevelopment in downtown.

The Centre City Development Corp., the San Diego agency overseeing downtown planning and redevelopment, issued a request for qualifications for the project last year and received eight responses by the Oct. 12 deadline.

San Diego-based **Lankford & Associates** and **Thomas Properties Group** of Los Angeles were eliminated from a list of four semi-finalists in December when Hines and Gerding Edlen were named finalists.

The other four original applicants were **Sonnenblick-Del Rio Development Inc.** from Los Angeles, Indianapolis-based **Kosene & Kosene Residential**, San Diego-based **Douglas Wilson Cos.** and **Plenary Group** from Vancouver, British Columbia.

"It was a very tough decision," said Jeff Graham, vice president of redevelopment at CCDC.

"All four of the semi-finalists were extremely capable, well-qualified firms," Graham said. "We had to look back at the core values of what we were really looking for in a partnership with the city."

Both Hines and Gerding Edlen have a lot of experience in successful public-private partnerships and great track records in sustainable development, while being very different companies, he said.

Hines and its architects have built many high-profile buildings and public spaces worldwide. Gerding Edlen was constructing sustainable projects in the United States before most other developers, and the firm and its architect tend to design buildings that are people-friendly and accessible at a human scale, Graham said.

A Good Opportunity

Tom Cody, principal at Gerding Edlen, said the company has always wanted to work in San Diego but had trouble finding the right opportunity.

"We've gone there a couple of times a year for the last five or six years, but it's very daunting because there are a lot of projects going on [in downtown]," Cody said.

When he heard about the request for qualifications for the Civic Center Complex, Cody initially said no to peers who suggested that Gerding Edlen put together a proposal.

"A laborious beauty contest was not too intriguing, but consultants and designers kept calling and telling us to read [the RFQ]," he said. "It really struck a chord and I would say that the goals the city has in this endeavor are very symbiotic with what our corporate goals are."

The city's goals for the Civic Center redevelopment include revitalizing the city's civic core; catalyzing private-sector development in the area; providing a more accessible City Hall and public spaces; building transit-oriented development; reopening B Street, which has been closed to people and cars for 40 years; replacing aging infrastructure; increasing tax-increment revenue; and constructing sustainable buildings.

Redevelopment of the Civic Center Complex would anchor redevelopment envisioned for the C Street

corridor. The CCDC, San Diego Downtown Partnership and local transit agencies are already working with **Skidmore, Owings and Merrill LLP** to design a master plan for the revitalization of property on C Street.

The four-block, 6.1-acre Civic Center site developed in the 1960s is bounded by Third Avenue and Front Street, A and C streets, excluding the block at Front and C streets and the block at the southwest intersection of Third Avenue and A Street.

The site includes the 174,000-square-foot City Administration Building, 2,967-seat San Diego Civic Theatre, the San Diego Concourse convention and performing arts center, the 1,200-space Evan Jones Parkade, and the 194,000-square-foot City Operations Building and Development Services Center.

A Good Deal for the City

For a project at the Civic Center site to move forward, the selected developer's plan must represent a cost savings for the city by eliminating deferred maintenance costs for City Hall, providing enough space so that the city can stop leasing other facilities, increasing productivity by housing employees at one location and meeting the city's office space needs through 2040.

The City Administration Building, also known as City Hall, has deferred maintenance that was estimated at \$9.5 million in 1996 and is expected to be much higher now.

And since the 12-story building can hold only 600 San Diego employees, the city has 585 workers in three other downtown city-owned properties and pays \$13.5 million annually to house 1,895 employees in 551,000 square feet at four privately owned downtown office buildings.

"We enjoy the idea of being able to help the city find ways to be a good financial steward of the public's money," Cody said.

He said office space will undoubtedly be a component of the Civic Center proposals and probably on a large scale beyond the space needed by the city. He said the city office space solutions and the public spaces proposed by Gerding Edlen and Hines will be a major driver in which group is selected to redevelop the Civic Center Complex.

"It's 6 acres in the middle of an absolutely fabulous West Coast city," he said. "Every land use, other than distribution space, is a possibility."

Beyond offices, public spaces and a new performing arts center, Cody said there is no other type of development that stands out as the best use for the site without hearing suggestions from the public.

"At this stage, it's not really appropriate to make too much comment on the project specifically," said Paul Twardowski, vice president at Hines in San Diego.

"There is no doubt that it's a key site in downtown San Diego and the use of that site that could influence the whole county," Twardowski said. "This is an opportunity that the city can renew City Hall and its representation of the city, while doing something that makes financial sense at the same time."

Hines wrote in its response to the request for qualifications that its team sees the opportunity for the city to "drastically improve how it serves its citizens and how it uses their tax dollars through consolidation in modern, efficient office space."

As the city deals with decades of unprecedented growth and sorts through financial crises of the past few years, Hines wrote, "The Civic Center project offers an opportunity to symbolically announce the renewal of the city government's leadership in the region."

Local and Global Expertise

Throughout its RFQ response, Hines highlighted its projects from around the globe, including Diagonal Mar with 4 million square feet of mixed-use development in Barcelona, Spain; Puerto Nuova, a 2.5 million-square-foot mixed-use complex and 26.6-acre park in Milan, Italy; and the 52-story, 1 million-square-foot Figueroa at Wilshire office tower in Los Angeles.

Hines has offices in 68 U.S. cities and 16 countries and holds \$20 billion in assets. The firm's international portfolio includes more than 1,000 properties representing 416 million square feet, including master-planned public facilities. The private company was San Diego's development manager for Petco Park, the San Diego Padres' downtown stadium completed in 2004.

Hines named **Pelli Clarke Pelli Architects** of New Haven, Conn., and New York City as its lead designer for the Civic Center Complex and selected San Francisco-based **ROMA Design Group** as its master-plan architect. ROMA led the master planning effort for downtown San Diego's 26-block ballpark district that includes Petco Park.

Also among the Hines development team are **Clark Construction Group's** Alan Petrusek, who led the construction of Petco Park, and Charles Black of **CB Urban Development**, who represented **JMI Realty**, the real estate firm of Padres owner John Moores, during planning and construction of Petco Park and projects in the ballpark district. Black will work on entitlements if Hines is selected to redevelop the Civic Center Complex.

Hines owns the 447,000-square-foot 525 B St. office tower in downtown San Diego and 215,000-square-foot Pacific Plaza office complex in the Torrey Hills submarket.

In the University Towne Centre area, the company is building the 340,000-square-foot La Jolla Commons office tower, which has been pre-certified LEED Silver under the U.S. Green Building Council's Leadership in Energy and Environmental Design program. Hines has more than 21 million square feet of LEED-registered or -certified projects.

In its response to the request for qualifications, Gerding Edlen emphasized its past public-private work with cities, institutions and community stakeholders as well as its experience with sustainable design and transit-oriented development.

The firm completed the Portland Armory building in Portland, Ore., last year and had it certified LEED Platinum, the highest level of certification under the LEED program. The project has two theaters, gathering spaces, offices for Portland Center Stage and a community learning center.

Gerding Edlen seeks LEED certification for all of its projects. It has set goals to produce buildings with zero net energy use within two years and projects that generate more energy than they use and consume more waste than they produce within five years.

United Financial Advisors, also of Portland, Ore., is Gerding Edlen's financial partner. The developer also plans to work with San Diego architecture firm **M.W. Steele Group, Turner Construction Co.**'s San Diego office, Los Angeles-based **Zimmer Gunsul Frasca Architects LLP** as the lead architect, San Diego-based **Spurlock Poirier Landscape Architects** and **Brightworks**, a Portland, Ore.-based sustainable design consulting firm.

In California, Gerding Edlen is building South Park in downtown Los Angeles, a \$396 million mixed-use project with five condominium towers and retail space two blocks from the Staples Center, where completion is anticipated in 2009.

Gerding Edlen's response to the request for qualifications says the Civic Center Complex should become "the center of civic life for the city of San Diego" and that redevelopment of the site should "bring the Civic Center up to the level that should be expected" for a region with 3 million residents.

Public Process

During the next few months, Gerding Edlen and Hines will have several opportunities to introduce their companies and their design teams to San Diegans as they meet with members of the community to hear their suggestions for the Civic Center site. CCDC staff and the developer finalists are working on a schedule for a series of meetings.

In the meantime, the city is looking for a consultant to conduct a facility needs assessment for city offices that would have to be in the developers' proposals.

After the series of public meetings is completed, the developers will produce site designs, feasibility plans and financial analyses. The city will hire a consultant to analyze whether it is better in the financial long run to maintain the status quo of leasing private office space at increasing market rents and paying for deferred maintenance at municipal facilities versus participating in one of the developers' plans.

CCDC staff members are expected to recommend one of the two plans to Mayor Jerry Sanders and the San Diego City Council by October after the CCDC board of directors considers the proposals in September.

If a developer is selected, the firm will have to pay all of the upfront costs for studies, outreach, design and professional services and it will be responsible for arranging equity and construction loan financing. San Diego can only use its bonding capacity for construction or permanent financing for buildings that will house city functions.

Cody acknowledged that the Civic Center Complex redevelopment is faced with huge challenges. Key among them is the notion that the developer's proposals have to create no more costs for the city than if it maintains the status quo.

"It's a challenge I think we can rise to," Cody said. "If the city executes it successfully, it will be very catalytic for all of the blocks around it. It's the heart of the city, but there's no heartbeat."

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