



# LA MESA CIVIC CENTER FEASIBILITY STUDY

March 2016

# LA MESA CIVIC CENTER FEASIBILITY STUDY

A SUMMARY REPORT

MARCH 29, 2016

LA MESA CITY COUNCIL  
STRATEGIC PLANNING WORKSHOP



KEYSER MARSTON ASSOCIATES



CITY OF  
**LA MESA**  
JEWEL of the HILLS

**GRUENASSOCIATES**  
ARCHITECTURE PLANNING INTERIORS LANDSCAPE

# TABLE OF CONTENTS

I. INTRODUCTION 1

- A. Objective
- B. Understanding of the Project
- C. Consultant Team Methodology
- D. Report Organization

II. SITE AND PLANNING CONTEXT 2

- A. Overview of Site and Planning Context
- B. Site Preparation and Utilities

III. CONCEPTUAL SITE PLANS AND FINANCIAL FEASIBILITY 6

- A. Conceptual Site Plan Discussion
- B. Civic Center
  - PHASE I : City Hall
  - PHASE I : Green Space
  - PHASE I : Surface Parking
  - PRELIMINARY COST ESTIMATE FOR PHASE I CIVIC COMPONENTS
  - PHASE II : Scenario A
  - PHASE III : Scenario A
  - PHASE II : Scenario B
  - PHASE III : Scenario B
  - PRELIMINARY COST ESTIMATE FOR PHASE II AND III CIVIC COMPONENTS
  - FINANCIAL FEASIBILITY ANALYSIS OF THIRD PARTY OFFICE BUILDING
- C. Old Police Station Site
  - MULTI-FAMILY RESIDENTIAL DEVELOPMENT
  - FINANCIAL FEASIBILITY ANALYSIS OF MULTI-FAMILY RESIDENTIAL DEVELOPMENT

IV. PROGRAMMATIC SUMMARY OF CONCEPTUAL SITE PLANS 32

V. MARKET POTENTIAL FOR DEVELOPMENT 33

- A. Demographic and Economic Trends
- B. Office Market Overview
- C. Retail Market Overview
- D. Multi-Family Residential Market Overview

VI. POTENTIAL FINANCING APPROACHES FOR CIVIC CENTER 36

VII. LIMITING CONDITIONS 37

## APPENDICES

APPENDIX A – PROJECT DESCRIPTION AND PRELIMINARY COST ESTIMATE 38

APPENDIX B – OFFICE BUILDING PRO FORMA 43

APPENDIX C – MULTI-FAMILY RESIDENTIAL PRO FORMA 46

APPENDIX D – ADDITIONAL PHASE III CONCEPTUAL SITE PLANS AND RENDERINGS FOR SCENARIOS A AND B 49

## A. Objective

The City of La Mesa (City) engaged real estate economic consultant Keyser Marston Associates, Inc. (KMA) and the urban planning and architecture firm Gruen Associates (Gruen) to undertake a preliminary feasibility study (Study) for development of new facilities on the Civic Center site. Potential facilities include a new City Hall, civic plaza, public parking, and possibly another governmental/institutional office building. The City also requested that the Study consider the feasibility of a mixed-use/mixed-income development on the former police station site south of Allison Avenue. The objective of the Study was to identify and evaluate a range of physical development options, associated cost estimates, and potential funding sources for review and consideration by City officials.

## B. Understanding of the Project

The subject sites for this Study consisted of an approximately 3.5-acre block bounded by University Avenue, Allison Avenue, and Spring Street (Civic Center site) and a 1.2-acre former police headquarters facility site, now vacant, across Allison Avenue between Date Avenue and Spring Street (Police Station site).

The existing Civic Center site includes City Hall, a fire station, police headquarters, and combination library/post office building. La Mesa City Hall opened in 1957 and has been expanded and remodeled several times. The current building houses the City Council chambers, the City Council and City Manager's office, City Clerk, Planning, Building, Public Works/Engineering, and Finance. Human Resources, Risk Management, Information Technology, and a portion of Planning and Public Works are located in two adjacent office trailers. The total building area for all facilities is approximately 19,000 square feet (SF) and accommodates about 55 employees. The existing City Hall is an old building where employees are housed in substandard office spaces with little space or natural light. There is often a lack of meeting space for groups. The configuration is inefficient in its design relative to today's standards.

In August 2015, La Mesa City Council directed staff to conduct a feasibility study for a new City Hall, parking garage, and town square to complete the Civic Center Master Plan. Specifically, City staff identified a potential need for a 24,000-SF new City Hall, an opportunity for a second governmental or institutional office building ranging from 20,000 to 40,000 SF, and a possible parking structure accommodating up to 180 cars.

Preparation of this feasibility study is the first step for the City leadership to consider options for the Civic Center and old Police Station sites.

## C. Consultant Team Methodology

In completing this Study, KMA and Gruen undertook the following principal work tasks:

1. Overview of market demand for governmental/institutional office space, multi-family, and residential/mixed-use development.
2. Conceptual site planning and design alternatives, including building massing and diagrammatic layout.
3. Preparation of site plan graphics and renderings for illustrative schemes for each site.
4. Consideration of a town square as a civic amenity.
5. Financial feasibility evaluation of the illustrative schemes, including preliminary estimates of project costs and potential ground lease revenues/land sales proceeds to be derived from third party developers.
6. Review of potential financing approaches.

## D. Report Organization

This Study has been organized as follows:

- Following this Introduction, Section II presents sites and planning context.
- Section III presents the conceptual site plans and financial feasibility evaluation for the Civic Center and the old Police Station sites.
- Section IV presents a programmatic summary of the conceptual site plans.
- Section V evaluates market potential for development such as office, retail, and multi-family residential.
- Section VI reviews approaches to financing new civic centers.

Limiting conditions pertaining to this Study are detailed in Section VII. Finally, the Appendices contain the detailed financial analyses.

## A. Overview of Site and Planning Context

The La Mesa Civic Center originally housed the Fire Department, the San Diego County Library, Helix Water District, the La Mesa Chamber of Commerce, the United States Post Office, and City Hall. The Police Station was located across the street at the southeast corner of Allison Avenue and Date Avenue. City Hall opened in 1957 and has been expanded and remodeled several times. The current building houses the City Council chambers, the City Council and City Manager's office, City Clerk, Planning, Building, Public Works/ Engineering, and Finance. Human Resources, Risk Management, Information Technology and a portion of Planning and Public Works are located in two adjacent office trailers. The total square footage for all facilities is roughly 19,000 square feet and houses about 55 employees.

On March 2, 2004, La Mesa voters approved Proposition D, the Fire, Police, and Emergency Services Bond Measure. The approval of Proposition D authorized the City to sell \$25.0 million of General Obligation bonds for improvements to fire and police stations. Utilization of funds allocated via Proposition D enabled La Mesa to advance the Civic Center Master Plan, which encompasses a new Fire Department and Police Department. Additional improvements, namely a new Library and Post Office, were also completed using non-Proposition D funds. There are currently 139 surface parking spaces within the Civic Center Complex, 28 spaces on Date Avenue, and 43 spaces on Allison Avenue.

The old Police Station was demolished in 2012 and the property has been vacant since then. The site was in process of being sold by the City to the Redevelopment Agency as an affordable housing site using Low and Moderate Housing Funds when redevelopment was abolished. After the Redevelopment Agency ceased to exist, the site was transferred from the Redevelopment Agency to the City acting as the Successor Housing Agency. This feasibility study will help to guide the City's decision-making for this site, although at this point the analysis assumes an affordable housing component equal to prior expenditures of Housing Set-Aside Funds.

At their March 2015 strategic planning workshop, the La Mesa City Council directed staff to conduct a feasibility study for a new City Hall, parking garage, and town square to complete the Civic Center Master Plan. The purpose of the study is to investigate potential scenarios for development both on the Civic Center complex and on the old Police Station site.

Completion of the study will provide the City Council and City staff with the tools to consider whether or not they want to move forward with completion of the Civic Center Master Plan. Future actions could include more in-depth analysis, design, and community input.



THE ORIGINAL CIVIC CENTER SITE PLAN



Other site and planning context issues and parameters include:

- The Civic Center site consists of an approximately 3.5-acre block bounded by University Avenue, Allison Avenue, and Spring Street and the 1.2-acre old Police Station site across Allison Avenue from the main site between Date Avenue and Spring Street.
- The topography of the east end of the Civic Center site, where new development would occur, is essentially flat with a slight rise from south to north. The former Police Station site has a somewhat more severe topography with an approximately 12-foot drop from the northeast to the southwest.
- Primarily commercial development surrounds the Civic Center site. To the south, across Allison Avenue, in addition to the old Police Station site (now vacant), are the La Mesa Springs Shopping Center (its back side facing the Civic Center site) and La Mesa Village Plaza, a four-story, mixed-use development adjacent to the La Mesa Boulevard Trolley Station. Downtown La Mesa Village is near, centered on La Mesa Boulevard with its pedestrian retail activity and many special events, within easy walking distance to the southeast across Spring Street. To the west, across University Avenue, is a single-family residential neighborhood.
- The site includes the recently completed Library, Police Station, and Fire Station. These facilities shall remain.
- The site is served by the trolley and bus lines along Spring Street. The plan needs to both take advantage of this asset and mitigate its potentially negative impacts. The La Mesa Boulevard Trolley Station is located on Spring Street on the block immediately to the south across Allison Avenue. The City has installed a pedestrian crosswalk across Allison Avenue, to the west of its intersection with Spring Street, to facilitate pedestrian circulation to the trolley station from the Civic Center site. Vehicular access to the site from Interstate 8 is also via Spring Street.
- Future pedestrian improvements from University Avenue/Spring Street to the commercial district on Center Street will increase access between the Civic Center and this area.
- A major bus hub exists on Allison Avenue near Spring Street with stops and shelters on both sides of the street, bringing activity to this area at all hours.
- View corridors to nearby mountain landmarks to the north and east should be maintained.



SITE PLAN



SITE PHOTOS

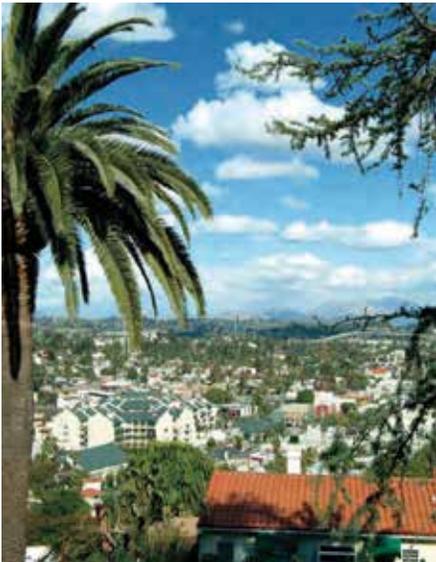


- Substantial utilities exist under Date Avenue. If Date Avenue across the site is vacated, the presence of these utilities will need to be relocated. The former Nebo Avenue on the site’s eastern edge is now a 40-foot wide utility easement and is not available for construction other than surface parking or landscaping.
- New facilities may include:
  - An approximately 24,000-square-foot new City Hall.
  - An approximately 20,000-square-foot facility for another governmental agency to be determined.
  - A parking structure to accommodate up to 180 cars.
  - A new civic plaza or town square.
  - In recognition of the prior housing fund expenditures for the Police Station site, any proposed development will need to include a low to moderate income housing component.
- If built, the garage could also serve Downtown special events in addition to serving employees and visitors to the Civic Center.
- The plaza and/or square will be designed to be able to host events such as a farmers market, concerts, art shows, library events, etc., and serve as an informally used urban open space on a regular basis.
- The character of the development should project an image compatible with the existing site buildings as being responsible stewards of public resources, functional, practical, and lasting construction, but not lavish.



- TROLLEY STATION
- CIVIC CENTER
- INDUSTRIAL ZONE
- DOWNTOWN VILLAGE
- GREEN OPEN SPACE

SURROUNDING AREA MAP



SURROUNDING PHOTOS

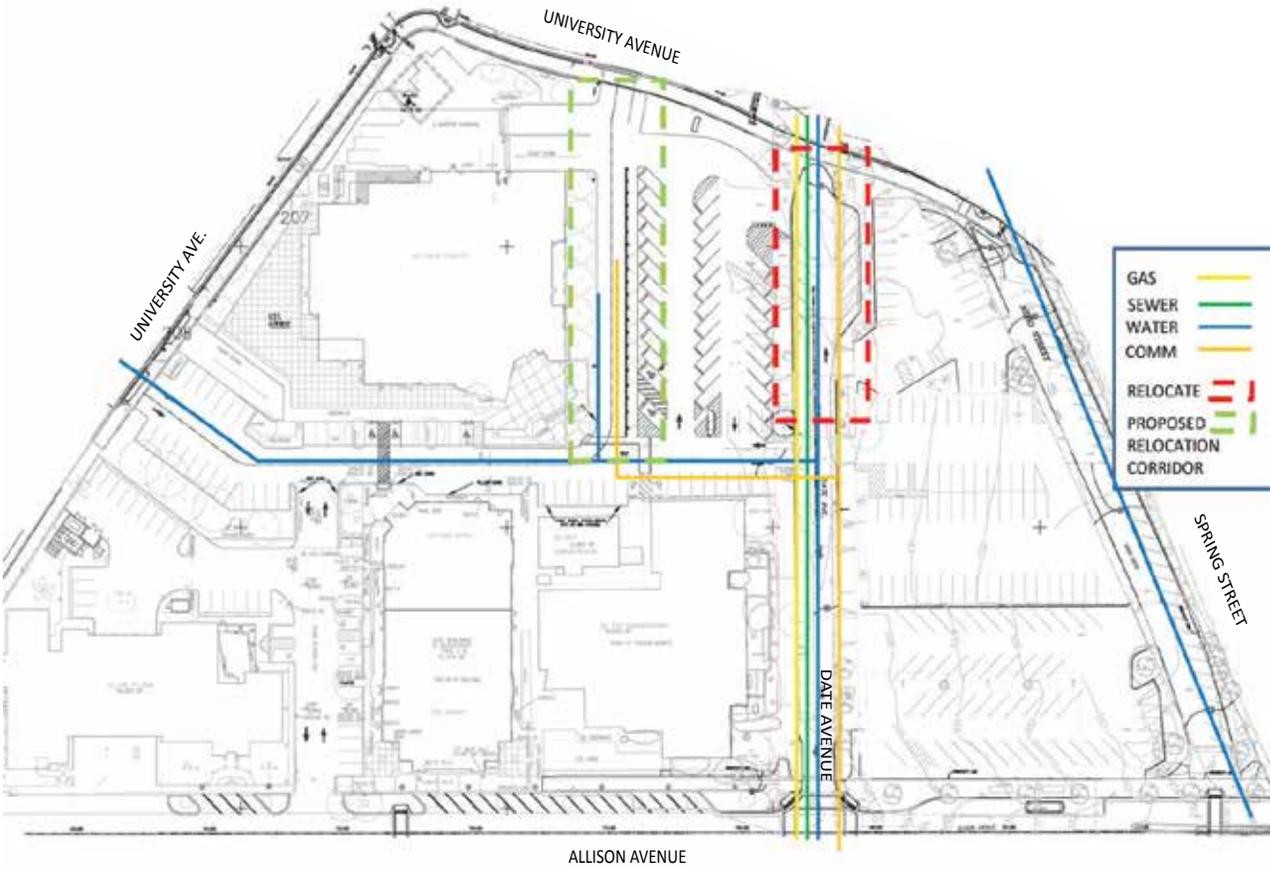


# B. Site Preparation and Utilities

In terms of site preparation for the completion of the Civic Center site, several utilities need to be relocated prior to the next phase of work. These utilities are located within the area that used to be Date Avenue noted with red demarcations. The proposed relocation corridor is the northern Civic Center driveway to the east of the new Police Station noted in blue. SDG&E plans to relocate the gas main as part of their pipeline safety enhancement project which is currently under construction. The Helix water pipe could likely be abandoned. The plan for the sewer main and AT&T line would be to relocate them to the northern Civic Center driveway. Once Council direction is received, work could commence on utility relocation.



CITY UTILITIES



UTILITY PLAN



## A. Conceptual Site Plan Discussion

The findings of the La Mesa Civic Center Feasibility Study are the result of a comprehensive collaborative five-month process involving the consultant team and La Mesa City staff. After defining the parameters of the technical study, the project team developed numerous alternative approaches which were informed and vetted through a series of meetings held between August and December 2015.

Initially, five widely varying alternatives for the Civic Center site and for the old Police Station site were developed exploring different building placements and configurations, on-site circulation and parking solutions, configuration and character of the town square, other open spaces, densities and configurations of the residential component, and parking solutions for the residential component.

Initial alternatives for the Civic Center site included:

- An L-shaped, one-story City Hall on Allison Avenue between a partially relocated Date Avenue and Spring Street, a town square between the existing Library and Date Street, a parking structure along University Avenue, and an L-shaped government office building facing Spring Street sharing a courtyard with City Hall.
- The City Hall on the west side of a relocated Date Avenue facing a larger town square, the office building along Allison Avenue frontage, and surface parking on the remainder of the site.
- The City Hall near University Avenue and a parking structure along Allison Avenue with a larger town square, and Date Avenue closed to through traffic.
- An L-shaped City Hall facing Allison Avenue and Date Avenue, the office building along University Avenue, and parking structure between these facilities.
- The City Hall on the west side of a partially relocated Date Avenue, the office building along University Avenue, and a parking structure along Allison Avenue.

Initial alternatives for the Police Station site included:

- Three stories of residential units organized around a courtyard above an at-grade, one-level parking podium with and without ground level retail facing Allison Avenue.
- Four stories of residential units facing Date Avenue and a two-story office building facing Allison Avenue and Spring Street over parking.

- Five stories of residential units along Allison Avenue and Spring Street with above-grade parking along Date Avenue and a recreation deck above parking.
- A three-story, above-grade parking structure wrapped with four to five stories of residential units facing Date Avenue, Allison Avenue, and Spring Street with and without a recreational deck above the parking structure.

Through discussions with the project managers, the initial alternatives for each site were winnowed down to two for each site. The conceptual site plans show the result of further comparison of the schemes, economic analysis, and urban design refinement. Scenarios with the City Hall near University Avenue, the office building near Allison Avenue, and Date Avenue not relocated better addressed a variety of site constraints and enhanced future development options. For the old Police Station site, three-story residential units organized around a courtyard with a one-level parking podium served as the best alternative for the purposes of the feasibility study and as a reference for evaluating future development proposals.

The conceptual plans consist of two alternative scenarios, designated A and B; each in a three-phase development program. The initial phase for each scenario may be developed in the short-term and, therefore, is the result of relatively predictable needs and desires. Thus, the Phase I for each of the two Scenarios is identical and is presented only once as it applies to both Scenarios A and B.

Phase I is broken down into three incremental steps demonstrating an implementation strategy: 1. City Hall, 2. Green Space, 3. Surface Parking. Post Phase I is a more long-term time horizon, making the prediction of needs and attitudes more difficult. Therefore, the Phase I configuration allows for flexibility in the ultimate long-term build-out of the Civic Center. Following Phase I, Scenarios A and B represent two different possibilities for the Phase II and III long-term site development. The ultimate configuration will likely be influenced by the specific circumstances existing at that time.



## B. Civic Center

### PHASE I : City Hall

To finish the civic facilities portion of the La Mesa Civic Center, which currently consists of the Police Station, Fire Station, and Library, a new 24,000-square-foot City Hall is conceptualized at the northeast corner of the site. The City Hall building would anchor the intersection of Spring Street and University Avenue. To the west of the new City Hall, between it and the existing Police Station, a new flexible open space area is shown as a shared special event venue and additional parking area. As a construction phasing concept, the existing City Hall would remain in place and operational through construction of the new facility and the existing parking areas to the east of the existing City Hall would remain intact.

The first phase of the La Mesa Civic Center conceptual planning addresses the City's most identifiable need, the development of a new City Hall to replace and expand on the existing antiquated City Hall. Phase I features and qualities include:

- A new two-story, 24,000-square-foot City Hall structure with City offices, public serving facilities, and a Council Chamber to seat up to 75 with additional overflow space.
- The City Hall could be sited in a highly landscaped setting at the northeast corner of the site anchoring the prominent intersection of University Avenue and Spring Street. In this position it would be the first and most prominent Civic Center facility visible after exiting Interstate 8 and continuing south on Spring Street.
- The City Hall could also be the most prominent feature of the Civic Center upon entering it from the prime access at the intersection of Date Avenue and Allison Avenue as its prime features, the lobby and Council Chamber, are sited directly on axis to Date Avenue.
- The City Hall is shown fronted by a landscaped forecourt, defined by porous low walls and the City Hall lobby entry, which serves as a controlled setting for the building, provides another venue for events and is a well-defined urban space offering outdoor amenities for City staff and visitors.
- The east–west configuration of the longer dimension of the City Hall building provides for ideal solar orientation to promote passive energy efficiency.
- To the east of the City Hall, between it and the Police Station building, is the possibility for a flexible exterior space, defined by landscaping and decorative paving or decomposed granite, to be the venue for special events and used for parking for routine day to day activities.
- The traffic connection from University Avenue to Allison Avenue via Date Avenue is preserved to allow on-site emergency vehicle circulation from the Police Station building to areas to the south of the site.
- The existing La Mesa City Hall could remain in place and operational through construction of the Phase I City Hall. City functions would then move to the new building, offering minimal disruption to ongoing City operations.
- The existing surface parking facilities near the intersection of Allison Avenue and Spring Street and across Date Avenue from the existing City Hall could remain in place and operational through Phase I construction and possibly for a period after. The east end of the Civic Center superblock will then offer 147 surface parking spaces. In this location, the bulk of the Civic Center parking is positioned to serve downtown La Mesa for special events.
- Landscaping improvements, including new trees, are provided to the east side of Date Avenue at the site entrance to emphasize the axial relationship with the new City Hall and a part of an eventual allée of trees bordering both sides of Date Avenue framing the vista to the City Hall.
- A new mid-block pedestrian crossing is introduced across University Avenue linking the Civic Center block with the block to the north. This crossing in conjunction with the existing Allison Avenue pedestrian crossing and the defined pedestrian paths through the Civic Center provide pedestrian linkage to the trolley station on Spring Street and downtown La Mesa.
- The northerly view to Cowles Mountain would be preserved by maintaining a wide gap between the existing Police Station building and the new City Hall.
- Construction over the Nebo Drive utility easement and the planned realignment of the underground gas line traversing across the Civic Center site north-south is avoided.



**PHASE I : City Hall**  
CIVIC CENTER

PARKING SUMMARY  
TOTAL : 147 STALLS

- PERMEABLE PAVED AREA : 12,900 SF
- PAVED OPEN SPACE : 16,366 SF
- GREEN OPEN SPACE : 21,567 SF





## PHASE I : Green Space

When a relocated City Hall is occupied and operational, the old City Hall could be demolished and a new open space created between the existing Library and Date Avenue. This space, which would be a combination of hardscape and softscape, could be imagined as the La Mesa “Town Square” or “Village Green” and serve as a day-to-day public amenity as well as a venue for public events.

Key features include:

- The town square would offer both hardscape and landscape amenities and would be the venue for special events, such as the farmers market, concerts, or art shows, as well as serve a day-to-day open space amenity and urban respite place for La Mesa.
- As the town square could form a “front yard” for the existing Library, there is the opportunity to reorient the library entry to the east side, facing the square. Outdoor library programming could occur here.
- The landscape improvements to the edges of Date Avenue could be extended to its western edge completing the allée vista to the City Hall and defining the eastern side of the new square.
- Extending the enhanced pavement fronting the new City Hall, the sidewalks surrounding the new square could receive similar special treatment.
- In its position, the town square offers views to Cowles Mountain to the north through the view corridor provided between the existing Police Station building and the new City Hall.
- The development of the town square could remove several surface parking spaces at its northern edge, resulting in a total of 147 stalls on the eastern end of the Civic Center superblock.
- It is expected that other funding (grants, park in-lieu fees) would be secured for the Green Space.

## PHASE I : Surface Parking

The final step evaluated in Phase I of the Civic Center redevelopment is reconstruction of the surface parking areas at the southeast corner of the Civic Center superblock to improve efficiency, circulation, landscaping, and lighting. The result is a total of 201 surface parking spaces on the eastern side of the Civic Center superblock, including the utility easement at the former Nebo Drive right-of-way.

Key features include:

- To maximize available surface parking and make functional and aesthetic improvements to the Civic Center campus, the existing surface parking would be reconstructed and enlarged.
- Improvements include those to clarity of circulation, lighting, stormwater management, and efficiency.
- Landscaping is provided within the interior of the parking lot with tree islands installed usually 3 cars apart providing shading, visual appeal, and mitigation of the urban heat island effect.
- Further landscaping adjacent to the Allison Avenue bus stops would provide a buffer and enhance the experience for bus passengers and those walking along Allison Avenue. A wall provided at the back of the landscape strip would shield cars from view and provide added security.
- The pedestrian path linkage to the trolley station is shown integrated into the new parking configuration and is now tree-lined.



**PHASE I : Green Space**  
CIVIC CENTER

PARKING SUMMARY  
TOTAL : 147 STALLS

- PERMEABLE PAVED AREA : 12,900 SF
- PAVED OPEN SPACE : 25,200 SF
- GREEN OPEN SPACE : 56,000 SF





**PHASE I : Surface Parking**  
CIVIC CENTER

**PARKING SUMMARY**  
TOTAL : 201 STALLS

- PERMEABLE PAVED AREA : 12,900 SF
- PAVED OPEN SPACE : 25,900 SF
- GREEN OPEN SPACE : 53,300 SF





## PRELIMINARY COST ESTIMATES FOR PHASE I CIVIC COMPONENTS

KMA prepared preliminary cost estimates for the conceptual site designs presented in Phase I. The KMA cost estimates represent order-of-magnitude figures based on recent cost experience for a range of comparable developments, including civic buildings, parking garages, parks, and sitework improvements. All cost figures are presented in 2016 dollars without escalation adjustment to anticipated construction timeframes. In as much as the Gruen plans and renderings are conceptual in nature, and detailed architectural design and engineering analyses have not been undertaken, the KMA cost estimates are useful only to gain a generalized understanding of the potential magnitude of budget required to implement the schemes.

In developing the preliminary cost estimates, KMA used the low/high cost factors by component summarized in Table III-1 below. The figures present estimated total development costs, including: direct construction; a 25% factor for design and engineering, other indirects, and financing costs; and a 15% contingency factor. The cost figures do not include a land acquisition value.

Applying these cost factors to the Gruen illustrative schemes, KMA was able to estimate total costs for each phase of development. Table III-2 below summarizes the estimated costs for Phase I. As shown in the table, Phase I is estimated to cost \$16.4 million to \$20.5 million without the final surface parking improvements and \$17.2 million to \$21.7 million with the final surface parking improvements. Refer to Appendix A for the KMA detailed cost estimates by scenario and phase.

**Table III-1: Preliminary Cost Factors by Component**

	<i>City Hall</i>	<i>Demolition of Existing City Hall</i>	<i>Permeable Open Space</i>	<i>Landscaped Open Space</i>	<i>Paved Open Space</i>	<i>Surface Parking</i>	<i>Structured Parking</i>
Units	Building SF	Building SF	Land Area SF	Land Area SF	Land Area SF	Parking Space	Parking Space
Low Cost/Unit	\$450	\$20	\$25	\$65	\$50	\$4,000	\$32,000
High Cost/Unit	\$500	\$25	\$40	\$100	\$75	\$6,000	\$38,000

**Table III-2: Estimated Total Costs by Scenario, Phase I**

		<i>Low</i>	<i>High</i>
PHASE I – City Hall	New City Hall and SITESCAPE	\$13,343,000	\$15,900,000
PHASE I – Green Space	Demolish Old City Hall	\$380,000	\$475,000
PHASE I – Green Space	Build Park	\$2,680,000	\$4,106,000
PHASE I – Surface Parking	Finish Surface Parking	\$804,000	\$1,206,000
<b>Cumulative Total, Phase I without Surface Parking</b>		<b>\$16,403,000</b>	<b>\$20,481,000</b>
<b>Cumulative Total, Phase I with Surface Parking</b>		<b>\$17,207,000</b>	<b>\$21,687,000</b>



This section outlines the future options for a second building in the Civic Center site as well as parking options.

## PHASE II - Scenario A

Following Phase I, the Civic Center study considers two alternative scenarios for Phases II and III. In Phase II - Scenario A, a new 2-story, 20,000-square-foot office building (for a public user) is built adjacent to the Phase I City Hall. The building could sit to the south and share its entry court. The new office building displaces some parking at the northern end of the surface parking lot, resulting in a parking loss of 39 stalls, down to 162.

Key features and attributes of Scenario A include:

- The primary addition to the plan in Phase II - Scenario A is a 20,000-square-foot office building for a future yet to be identified public user.
- The depicted office building is shown as two stories with 10,000-square-foot floor plates. There is flexibility in the office building size by adding floors, so a three-story building would yield 30,000 square feet of space.
- The new office building is located adjacent to, and to the south of, the new City Hall. In this position, it is able to share the City Hall's forecourt, promoting an urban synergy. The office building's configuration embraces the forecourt and further defines it.
- In its position, the office building, like the new Phase I City Hall, enjoys visibility from the prominent University Avenue/Spring Street intersection and traffic approaching the Civic Center from Interstate 8.
- Like the City Hall, the office building's position buffers it from the traffic noise of the Allison Avenue bus stop.
- The office building's footprint, like the City Hall, is positioned and configured to avoid the Nebo Drive utility easement, which is used for surface parking and landscaping.
- Views from the town square to Mount Helix to the east are preserved.
- Surface parking area is reduced by the office building and its associated landscaped areas, resulting in a total count of 162 on-site parking stalls on the eastern end of the Civic Center superblock.



PHASE II-Scenario A\_VIEW FROM ALLISON AVE. WITH LIBRARY IN THE FOREGROUND



PHASE II-Scenario A\_VIEW FROM ALLISON AVE. TOWARD THE NEW CITY HALL AND OFFICE BUILDING



**PHASE II-Scenario A**  
CIVIC CENTER

**PARKING SUMMARY**  
TOTAL : 162 STALLS

- PERMEABLE PAVED AREA : 12,900 SF
- PAVED OPEN SPACE : 23,800 SF
- GREEN OPEN SPACE : 56,700 SF





## PHASE III - Scenario A

The final phase of the Civic Center development evaluated replacing the parking capacity lost to the site of the Phase II office building if the demand exists by constructing a two-level, 118-stall parking structure adjacent to the site entry at Allison Avenue and Date Avenue and positioned at the southeast corner of the site to be able to serve downtown La Mesa during special events, as well as for routine Civic Center use.

Key features include:

- To mitigate the loss of surface parking caused by the introduction of the Phase II office building, and if a demand exists at some time in the future, a parking deck is visualized at the southeastern corner of the Civic Center site over the existing surface parking.
- The parking deck accommodates 59 parking stalls with a similar number of surface spaces below it.
- To minimize ramping, the surface parking below might be sunken down several feet so that the upper deck is just a few feet above grade.
- The parking deck is configured to avoid the Nebo Drive utility easement and the surface parking configuration on that easement remains.
- The parking deck is set back from Date Avenue to allow for abundant landscaping at the Civic Center primary traffic entry.
- A drop-off area is provided between the parking deck and Date Avenue allowing for quick circulation back to Allison Avenue or into the parking deck.
- The total on-site parking availability on the eastern end of the Civic Center campus after the final Phase III build-out in this Scenario is 207 stalls.



PHASE III-Scenario A\_VIEW FROM ALLISON AVE.



PHASE III-Scenario A\_VIEW FROM ALLISON AVE.



**PHASE III-Scenario A**  
CIVIC CENTER

**PARKING SUMMARY**  
TOTAL : 207 STALLS

SURFACE PARKING : 89 STALLS  
PARKING STRUCTURE : 118 STALLS

- PERMEABLE PAVED AREA : 12,900 SF
- PAVED OPEN SPACE : 23,800 SF
- GREEN OPEN SPACE : 59,500 SF





## PHASE II - Scenario B

This scenario places the future two-story, 20,000-square-foot office building at the Allison Avenue site entry adjacent to Date Avenue. It, along with the existing Library, frames the Phase I open space and marks the site entry. Like in Scenario A, the office building displaces some surface parking, resulting in 156 stalls at the eastern end of the Civic Center superblock.

Scenario B represents another example of the many options available to build out the Civic Center in the future, focusing on the southeast section of the Civic Center campus, after the development of the Phase I City Hall and town square. This scenario deals with an alternative approach to the development of the future office building for a yet to be identified public agency user, and the development of additional parking capacity.

- The building, in contrast to its position adjacent to the Phase I new City Hall, is sited adjacent to Date Avenue and Allison Avenue at the primary Civic Center entrance.
- In this position, it marks the Civic Center campus entry in a prominent way and serves the needs of a user who might desire such prominence.
- The building, in conjunction with the existing Library and Post Office, serves to bound the space of the town square on its east and west edges, creating a more defined urban space while also visually shielding the parking area from view upon entering the Civic Center.
- Similar to Scenario A, the building is indicated as two stories and 20,000 square feet but there is flexibility to add stories and floor area to meet a larger demand.
- The displacement of surface parking due to the introduction of the new building results in a total on-site parking count at the eastern end of the Civic Center campus of 156 stalls.
- The location of the new building allows for views of Mount Helix.



PHASE II-Scenario B\_VIEW FROM ALLISON AVE.



PHASE II-Scenario B\_VIEW FROM ALLISON AVE.



**PHASE II-Scenario B**  
CIVIC CENTER

**PARKING SUMMARY**  
TOTAL : 156 STALLS

- PERMEABLE PAVED AREA : 12,900 SF
- PAVED OPEN SPACE : 28,400 SF
- GREEN OPEN SPACE : 56,600 SF





## PHASE III - Scenario B

If demand exists, a two-level, 132-stall parking structure could be introduced to the east of the Phase II - Scenario B office building between it and Spring Street, resulting in a total of 222 parking spaces on the eastern end of the Civic Center superblock. Like Scenario A, the parking structure is positioned to serve downtown La Mesa for special events, as well as for routine Civic Center use.

Key features include:

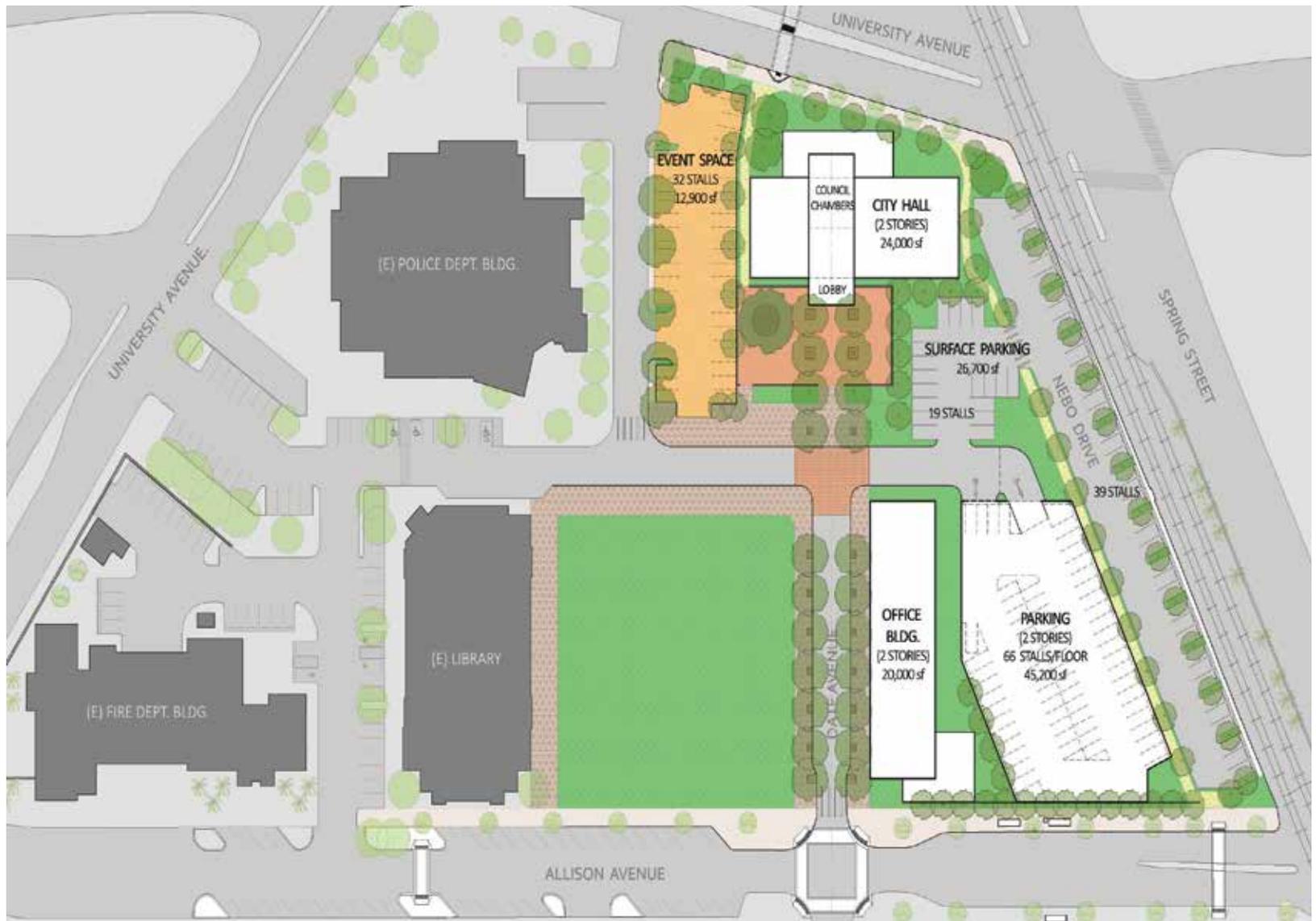
- To mitigate the loss of surface parking caused by the introduction of the Phase II building, and if a demand exists at some time in the future, a parking deck is shown at the southeastern corner of the Civic Center site over the existing surface parking.
- The parking deck accommodates 66 parking stalls with a similar number of surface spaces below it.
- To minimize ramping, the surface parking below might be sunken down several feet so that the upper deck is just a few feet above grade.
- The parking deck is configured to avoid the Nebo Drive utility easement and the surface parking configuration on that easement remains.
- The parking deck is set back from the office building to its west by at least 20 feet to allow for generous landscaping between the two structures.
- The total on-site parking availability on the eastern end of the Civic Center campus after the final Phase III build-out in this Scenario is 222 stalls.



PHASE III-Scenario B\_VIEW FROM ALLISON AVE.



PHASE III-Scenario B\_VIEW FROM ALLISON AVE.



## PHASE III-Scenario B

CIVIC CENTER

### PARKING SUMMARY

TOTAL : 222 STALLS

SURFACE PARKING : 90 STALLS  
 PARKING STRUCTURE : 132 STALLS

- PERMEABLE PAVED AREA : 12,900 SF
- PAVED OPEN SPACE : 28,400 SF
- GREEN OPEN SPACE : 60,900 SF



## PRELIMINARY COST ESTIMATES FOR PHASE II AND III CIVIC COMPONENTS

Table III-3 below summarizes the estimates costs for Phases II and III for both Scenarios A and B.

Table III-3: Estimated Total Costs by Scenario, Phases II and III					
		Scenario A		Scenario B	
		Low	High	Low	High
PHASE II	Build 20,000- SF Office Building	\$0	\$0	\$0	\$0
PHASE III	Build Parking Structure	\$3,776,000	\$4,484,000	\$4,224,000	\$5,016,000
<b>Cumulative Total, Phases I-III, without Surface Parking</b>		<b>\$20,179,000</b>	<b>\$24,965,000</b>	<b>\$20,627,000</b>	<b>\$25,497,000</b>
<b>Cumulative Total, Phases I-III, with Surface Parking</b>		<b>\$20,983,000</b>	<b>\$26,171,000</b>	<b>\$21,431,000</b>	<b>\$26,703,000</b>

As shown in the table, total costs for complete build-out of the respective scenarios are estimated as follows:

- Scenario A is estimated to cost \$20.2 million to \$25.0 million assuming that the City does not building the final surface parking improvements and \$21.0 million to \$26.2 million if the City does build the final surface parking.
- Complete build-out of Scenario B is estimated to cost \$20.6 million to \$25.5 million assuming that the City does not build the final surface parking improvements and \$21.4 million to \$26.7 million if the City does build the final surface parking.

It is important to note that KMA has assumed that Phase II, development of the second office building, would be cost-neutral to the City. Conceptually, the City would not proceed with this phase unless the proposed developer/user absorbs all costs to modify the existing sitework and surface parking improvements as a result of the new office building construction.

In sum, KMA estimates that the total cost of the Gruen illustrative schemes ranges from \$20.2 million to \$26.7 million (2016 dollars).



## FINANCIAL FEASIBILITY ANALYSIS OF THIRD PARTY OFFICE BUILDING

KMA prepared a preliminary financial pro forma for the second new Civic Center building. The objective of the pro forma analysis was to determine whether, and how much, a developer/user of a 20,000-SF office building on the Civic Center site could afford to pay for land. KMA assumed that the City would ground lease the development footprint to a third party developer/user such as a government agency or institutional tenant. The third party developer/user would be responsible for design, planning, financing, and construction of the new office building, including any modifications to the existing sitework and surface parking improvements then in place. However, the developer would not be required to build any new parking spaces, as the new building would enjoy access to the existing surface parking lots and/or structured parking if completed by that time.

The KMA pro forma estimates development costs, probable rental income and expenses, and potential financing sources for a 20,000-SF office building on the Civic Center site. KMA derived appropriate cost, revenue, and expense factors from market research and current industry standards. All figures are expressed in 2016 dollars, without escalation adjustment to anticipated construction timeframes. The KMA pro forma model generates an estimated residual land value, i.e., the amount that a developer can afford to pay for the land. This fee simple interest land value is then expressed as an annual ground rent assuming a typical 8.0% ground lease rate.

As summarized in Table III-4 below, KMA estimates that current development economics do not support a positive land value for office development on the Civic Center site. Refer to Appendix B for the KMA detailed office building pro forma analysis.

		Notes
Estimated Total Development Costs	\$5,307,000	\$265/SF Building
Stabilized Annual Net Operating Income (NOI)	\$360,700	Based on rent of \$2.50/SF/month FSG
Capitalized Value Upon Completion	\$5,554,000	Assumes 6.5% capitalization rate
Residual Land Value	Negative (\$475,000)	Value less 3% cost of sale, 10% profit, and development costs

The above base case scenario reflects \$2.50 per SF per month, Full Service Gross (FSG) market rents, representing the upper end of office space rents in La Mesa today. KMA further tested potentially higher rents reflecting an improving economy and the desirability of the Civic Center site as an office location adjacent to City Hall, the new park, La Mesa Village, and trolley access. As shown in Table III-5 below, the higher assumed office rents result in ground rent payments to the City ranging from \$19,000 to \$74,000 per year. This sensitivity test assumes that all other pro forma inputs remain constant.

	Low Target	High Target
Target Office Space Rents	\$2.75/SF/month FSG	\$3.00/SF/month FSG
Residual Land Value	\$234,000	\$930,000
Annual Ground Rent to City @ 8.0% of Land Value	\$19,000	\$74,000

## CONSIDERATION OF LARGER OFFICE BUILDING OR LIBRARY IN FUTURE PHASES

**Consideration of a Potentially Larger Office Building:** The Gruen illustrative schemes further identify the potential for a larger office building, i.e., up to 40,000 SF. The potential for a larger office building may improve the development economics since costs associated with sitework improvements and parking would remain constant. Development of a 40,000-SF building would result in a lower overall parking ratio on the Civic Center site, since there would be more building area and associated parking demand relying on the same total parking supply. For Scenario A, the total parking ratio would drop from 3.7 spaces per 1,000 SF with a 20,000-SF building to 2.5 spaces per 1,000 SF with a 40,000 SF building. Under Scenario B, the total parking ratio would drop from 3.5 to 2.4 spaces/1,000 SF. However, with the addition of the Phase III parking structures, these parking ratios would improve to 3.2/1,000 SF in Scenario A and 3.5/1,000 SF in Scenario B.



**Library Option for Third Party Office Building at 30,000 SF:** The primary focus of this study has been to explore the physical and financial feasibility of a new City Hall and related public facilities on the Civic Center Site. Section III identified the potential for, and tested the economic feasibility of, a second office building for a public or institutional user. This section reviews the potential to develop a new library building as an alternative.

The City requested that KMA evaluate the potential for a new 30,000-SF library as an alternative to a new third party office building. KMA reviewed recent branch library development in San Diego County. Typically, these projects have ranged in size from 15,000 to 25,000 SF. Total costs, including direct construction, indirects, and financing, have generally been concentrated in the \$12 million to \$20 million range. The typical cost per SF has been on the order of \$500 to \$800.

For illustration purposes, KMA has assumed that a new library building could be developed on the Civic Center site at a cost of \$600 per SF. Assuming a target library size of 30,000 SF, this cost factor translates to a total budget estimate of \$18.0 million. This represents an increase on the magnitude of 71% to 89% over the total budget range for the recommended final schemes discussed above. A summary comparison is provided in Table VII-1 below.

	<i>Scenario A (excluding Surface Parking)</i>	<i>Scenario B (excluding Surface Parking)</i>
Total Estimated Cost for Recommended Final Schemes	\$20.2 M to \$25.0 M	\$20.6 M to \$25.5 M
Potential New Library		
Estimated Size	30,000 SF	30,000 SF
Estimated Cost per SF	\$600/SF	\$600/SF
Total Cost	\$18.0 M	\$18.0 M
Increase over Total Civic Center Cost	72% to 89%	71% to 87%
Grand Total Budget, Civic Center + Library	\$38.2 M to \$43.0 M	\$38.6 M to \$43.5 M



## C. Old Police Station Site

### MULTI-FAMILY RESIDENTIAL DEVELOPMENT

The former Police Station site, approximately 1.2 acres, is situated on Allison Avenue between Date Avenue and Spring Street, and across the street from the Civic Center. For the purposes of this investigation, the site has been identified as best suited for development of a multi-family, mixed-income residential project. After studying several alternative configurations and densities for such a development, a conceptual design has been developed with the following characteristics:

- The model development consists of a total of 88 apartment units within a total gross building area of 99,600 square feet (including interior common and amenity spaces, not including parking areas).
- The project configuration is in the traditional model of a “podium” with three stories of wood frame construction for the residential units above a semi-below-grade concrete parking garage.
- The unit mix as depicted consists of 37 one bedroom units of an average size of 720 net square feet and 51 two bedroom units with an average size of 1,080 net square feet.
- The parking garage includes 133 parking spaces yielding an average of 1.5 spaces per dwelling unit. Bicycle parking and accessible spaces are provided. Note that 21 of the spaces are shown as the “inside” space of a tandem parking pair.
- Also included within the three-story residential portion are a fitness room and community room as resident amenities and a public lobby.
- The model concept is composed into two structures, linked by bridges, to mitigate the project’s mass. The configuration creates a generous outward focused landscaped open space between the two buildings addressing the intersection of Allison Avenue and Spring Street and at the pedestrian crossing across Allison Avenue. The image from the intersection could be inviting and comfortably scaled. A public lobby could be located off of this space.
- The two structures, one “L” shaped, the other linear, define an outdoor landscaped courtyard for resident use. Three sides are defined by the adjacent three-story residential buildings and the southern side is open to allow solar access. A courtyard could be connected to the corner open space at the Allison Avenue/Spring Avenue intersection.
- The topography of the site is sloping down from the northeast corner to the southwest corner with an elevation drop of about 12 feet. The slope could be taken advantage of by locating the concrete podium just slightly above grade level near the Allison Avenue/ Spring Street intersection and thus allowing the garage under the podium to fully daylight at the entry off of Date Avenue in the southwest corner, eliminating the need for any ramping.
- The more public spaces - the residential amenities and lobby - could be located at the first floor facing Allison Avenue toward the eastern end of the site. In this position they are closer to grade along Allison Avenue as this is the higher end of the site topographically. Here these spaces would serve to create interest for pedestrians on Allison Avenue and buffer the residential units from the existing bus stop. The first floor residential units facing Allison Avenue closer to Date Avenue could be several feet higher than the Allison Avenue sidewalk as the site topography drops toward the west. The first floor residential units facing Date Avenue on the west side of the project could be approximately a full floor above the sidewalk as the site topography allows the garage below the podium to daylight on this side.
- The massing and the architectural character are strongest at the Allison Avenue and Date Street intersection to respond to and mark the primary Civic Center entry located at this intersection.



## FINANCIAL FEASIBILITY ANALYSIS OF MULTI-FAMILY RESIDENTIAL DEVELOPMENT

KMA prepared a preliminary financial pro forma for the multi-family residential development on the Police Station site. The objective of the pro forma analysis was to determine whether, and how much, a developer of an 88-unit apartment building could afford to pay for the site. KMA assumed that the City would sell the site to a market-rate multi-family apartment developer. The developer would be responsible for design, planning, financing, construction, lease-up, and operation of the multi-family residential development.

The KMA pro forma estimates development costs, probable rental income and expenses, and potential financing sources for the 88-unit apartment building over one level of parking. KMA derived appropriate cost, revenue, and expense factors from market research and current industry standards. All figures are expressed in 2016 dollars, without escalation adjustment to anticipated construction timeframes. The KMA pro forma model generates an estimated residual land value, i.e., the amount that a developer can afford to pay for the land after development costs, cost of sale, and target profit are taken into consideration.

As summarized in Table III-6 below, KMA estimates that the current development economics for multi-family residential development support a land value for the Police Station site of approximately \$1,915,000. This translates to \$21,800/unit or \$37 per SF of land area. Refer to Appendix C for the KMA detailed multi-family residential development pro forma analysis.

		Notes
Estimated Total Development Costs	\$25,577,000	\$290,600/Unit
Stabilized Annual Net Operating Income (NOI)	\$1,421,700	Based on average monthly rent of \$2,086/unit or \$2.25/SF
Capitalized Value Upon Completion	\$31,600,000	Assumes 4.5% capitalization rate
Residual Land Value	\$1,915,000 \$21,800/unit \$37/SF land	Value less 3% cost of sale, 10% profit, and development costs

For comparison purposes, KMA surveyed sales of multi-family residential land within a five-mile radius of the Police Station site. Per-unit land values were generally concentrated between \$20,000 and \$50,000, with both median and average sale prices around \$35,000 per unit. The residual land value for the Police Station site falls toward the low end of this range.

As noted, the above base case scenario reflects \$2.25 per SF per average monthly rents, representing the upper end of rental apartments in La Mesa today. KMA further tested potentially higher rents reflecting an improving economy and the desirability of the La Mesa Village area for residential development. As shown in Table III-7 below, the higher assumed apartment rents result in residual land values to the City ranging from \$3,365,000 to \$4,796,000. These increased land values translate to \$38,200 to \$54,500 per unit, or \$64 to \$92 per SF land. These findings represent the mid to upper end of the range of comparable land sales on a per-unit basis. This sensitivity test assumes that all other pro forma inputs remain constant.

	Low Target	High Target
Target Apartment Rents	\$2.35/SF/month \$2,179/unit/month	\$2.45/SF/month \$2,272/unit/month
Residual Land Value	\$3,365,000 \$38,200/unit \$64/SF land	\$4,796,000 \$54,500/unit \$92/SF land



**Consideration of a Potential Affordable Housing Component:** The City may need to consider the inclusion of an affordable housing component within any multi-family residential development on the Police Station site. As background, the City sold the site to its former Redevelopment Agency in 2008. The Redevelopment Agency paid the City a portion of the sales price, \$2.3 million, prior to the dissolution of redevelopment by State law. The State Controller's Office (SCO) subsequently ruled the property transfer unallowable, effectively rescinding the sale. In effect, the former Redevelopment Agency's obligation to complete its acquisition payments for the site was ruled not an enforceable obligation under State dissolution law. Since the former Redevelopment Agency used Low and Moderate Income Housing Funds for the \$2.3 million payment, the City's special legal counsel has opined that any development on the site should include a mix of affordable units sufficient to justify a financial contribution of this magnitude. Alternatively, the City could pursue development of the site with 100% market-rate units, but use the land sales proceeds to invest \$2.3 million in affordable housing elsewhere.

As noted above, the base case pro forma scenario - with 100% market-rate units - supports a land value of only \$1.9 million, i.e., land sales proceeds would fall short of the required \$2.3 million financial contribution toward affordable housing. However, the sensitivity tests demonstrate that rising market rents will support higher land values, exceeding \$2.3 million. The City will need to evaluate alternative approaches to complying with the DOF requirement as it contemplates selecting a developer to enter into a public/private partnership for either market-rate or mixed-income development on the Police Station site. If affordable units are developed on the site, they could be restricted at the Moderate income level; if they are developed in off-site locations, legal counsel has opined that they would need to be restricted at Very Low and Low income levels.

**Consideration of Other Affordable Housing Funding:** The City, or its future developer partner, may also want to evaluate other potential funding sources to offset the financing gap associated with an affordable housing component on the site. These may include tax-exempt bonds, Low Income Housing Tax Credits (LIHTC), and the Affordable Housing and Sustainable Communities (AHSC) Program, among others. Importantly, these funding sources are typically available for Very Low and Low income units, but not for Moderate income units.



FLOOR PLAN, TYP.



**THIRD FLOOR UNIT SUMMARY**

ESTIMATED: 30 UNITS/FLOOR  
(RESIDENTIAL TOTAL 88 UNITS)

	UNIT COUNTS	UNIT SIZES
1 BED ROOM UNIT	12	24'-0" X 30'-0" (720 SF)
2 BED ROOM UNIT	18	36'-0" X 30'-0" (1,080 SF)

**SECOND FLOOR UNIT SUMMARY**

ESTIMATED: 31 UNITS/FLOOR  
(RESIDENTIAL TOTAL 88 UNITS)

	UNIT COUNTS	UNIT SIZES
1 BED ROOM UNIT	13	24'-0" X 30'-0" (720 SF)
2 BED ROOM UNIT	18	36'-0" X 30'-0" (1,080 SF)



GROUND FLOOR PLAN



**GROUND FLOOR UNIT SUMMARY**

ESTIMATED: 27 UNITS/FLOOR  
(RESIDENTIAL TOTAL 88 UNITS)

	UNIT COUNTS	UNIT SIZES
1 BED ROOM UNIT	12	24'-0" X 30'-0" (720 SF)
2 BED ROOM UNIT	15	36'-0" X 30'-0" (1,080 SF)

- 1 BED ROOM
- 2 BED ROOM
- AMENITY AREA
- PRIVATE OPEN SPACE
- PUBLIC OPEN SPACE

# Multi-Family Residential Development

@ OLD POLICE DEPARTMENT

**OPEN SPACE AREA SUMMARY**

**PRIVATE OPEN SPACE**  
GROSS AREA : 2,800 GSF

**PUBLIC OPEN SPACE**  
GROSS AREA : 16,300 GSF

TOTAL AREA : 19,100 GSF

**BUILDING AREA SUMMARY**

**RESIDENTIAL**

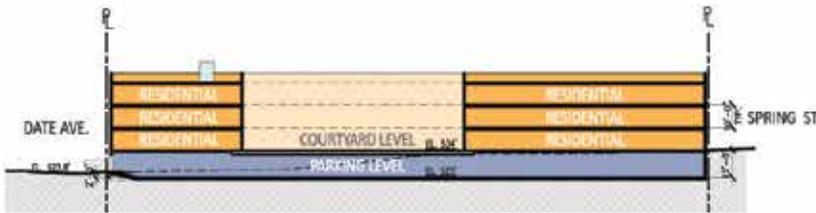
APARTMENT  
GROSS AREA: 95,878 GSF  
NET AREA: 83,959 SF(RSF)  
AMENITY AREA: 3,815 SF

TOTAL BLDG. GROSS AREA : 99,693 GSF

**PARKING**  
GROSS AREA : 54,000 GSF

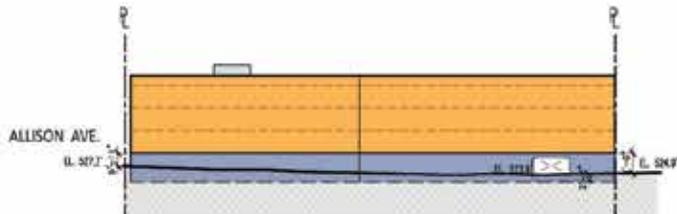


B - SECTION

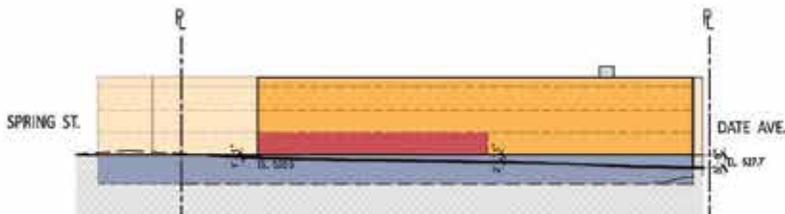


A - SECTION

- APARTMENT
- AMENITY AREA
- PARKING



2 - ELEVATION



1 - ELEVATION

# Multi-Family Residential Development

@ OLD POLICE DEPARTMENT



PARKING LEVEL PLAN

**PARKING SUMMARY**

ESTIMATED: TOTAL 138 STALLS/FLOOR  
 STANDARD 9'-0" X 19'-0" (WITH 25'-0" WIDE AISLE)  
 STANDARD 8'-6" X 19'-0" (WITH 27'-0" WIDE AISLE)

**OPEN SPACE AREA SUMMARY**

**PRIVATE OPEN SPACE**  
 GROSS AREA : 2,800 GSF

**PUBLIC OPEN SPACE**  
 GROSS AREA : 16,300 GSF

TOTAL AREA : 19,100 GSF

**BUILDING AREA SUMMARY**

**RESIDENTIAL**

APARTMENT  
 GROSS AREA: 95,878 GSF  
 NET AREA: 83,959 SF(RSF)  
 AMENITY AREA: 3,815 SF

TOTAL BLDG. GROSS AREA : 99,693 GSF

**PARKING**  
 GROSS AREA : 54,000 GSF



VIEW FROM CIVIC CENTER

## Multi-Family Residential Development

@ OLD POLICE DEPARTMENT



VIEW FROM SPRING STREET



VIEW FROM ALLISON AVE.



VIEW FROM SOUTH



VIEW FROM DATE AVE.



VIEW FROM CIVIC CENTER



VIEW FROM CIVIC CENTER



VIEW FROM SPRING STREET



VIEW FROM SPRING STREET

### Civic Center Program

#### BUILDINGS

	CITY HALL	OFFICE	PARKING
SCENARIO A	24,000 SF	20,000 SF	47,900 SF
SCENARIO B			45,200 SF

#### OPEN SPACE

	PERMEABLE	LANDSCAPED	PAVED
SCENARIO A	12,900 SF	58,500 SF	23,800 SF
SCENARIO B		60,900 SF	28,400 SF

#### PARKING SPACES

	SURFACE	STRUCTURE	TOTAL
SCENARIO A	89 STALLS	118 STALLS (47,900 SF)	207 STALLS
SCENARIO B	90 STALLS	132 STALLS (45,200 SF)	222 STALLS

### Multi-Family Residential Program

#### BUILDINGS

	GROUND	SECOND	THIRD	TOTAL
1 BEDROOM (24'-0" X 30'-0")	12	13	12	37
2 BEDROOM (36'-0" X 30'-0")	15	18	18	51

#### OPEN SPACE

PRIVATE	PUBLIC	TOTAL
2,800 GSF	16,300 GSF	19,100 GSF

#### PARKING SPACES

STANDARD	TANDEM	ACCESSIBLE	TOTAL
93 STALLS	42 STALLS	3 STALLS	138 STALLS



This section presents the KMA evaluation of market support for possible development on the Civic Center and Police Station sites. Based on discussion with City staff, KMA specifically addressed the following potential uses for the respective sites:

- Civic Center site – potential for additional office development to serve government/institutional user
- Police Station site – potential for multi-family residential and/or retail uses

The discussion below presents an overview of demographic and economic trends and review of the key assets and constraints affecting office, retail, and multi-family residential development potential.

## A. Demographic and Economic Trends

KMA reviewed key demographic and economic trends in La Mesa and the surrounding market area, including population, households, household income, and employment. As shown in Table V-1 below, in 2015 the City of La Mesa contained 59,212 residents and 25,460 households. The median household income was \$53,499, lower than the City of San Diego and higher than neighboring East County cities (excluding Santee) and San Diego County as a whole.

**Table V-1: Overview of Demographic Factors, 2015**

	<i>La Mesa</i>	<i>City of San Diego</i>	<i>Lemon Grove</i>	<i>El Cajon</i>	<i>Santee</i>	<i>San Diego County</i>
Population	59,212	1,364,334	25,997	102,675	56,518	3,250,417
Households	25,460	506,445	8,601	35,273	20,422	1,141,245
Median Household Income	\$53,499	\$62,817	\$51,098	\$43,707	\$70,048	\$61,766

Table V-2 below summarizes population growth trends for La Mesa, the City of San Diego, neighboring East County cities, and San Diego County, based on the San Diego Association of Governments (SANDAG) Regional Growth Forecast. As indicated in the table, both La Mesa and East County are projected to grow at a slower rate than either the City of San Diego or San Diego County as a whole.

**Table V-2: Annual Population Growth, 2012 - 2035**

<i>Jurisdiction</i>	<i>Average Annual Growth</i>
La Mesa	0.81%
City of San Diego	1.01%
Lemon Grove	0.34%
El Cajon	0.37%
Santee	0.68%
San Diego County	0.89%

Table V-3 below summarizes daytime employment growth trends for La Mesa, the City of San Diego, East County cities, and San Diego County, based on the SANDAG's Regional Growth Forecast. As indicated in the table, employment growth in La Mesa is expected to significantly outpace the other areas surveyed. This trend reflects the City's status as a major employment center at the crossroads of multiple freeways and trolley lines.

**Table V-3: Annual Employment Growth, 2012 - 2035**

<i>Jurisdiction</i>	<i>Average Annual Growth</i>
La Mesa	1.21%
City of San Diego	0.78%
Lemon Grove	0.74%
El Cajon	0.71%
Santee	1.02%
San Diego County	0.87%

## B. Office Market Overview

Office brokers report that the County office market has been steadily improving for several years. According to NAI San Diego, vacancy rates in San Diego County during 4th quarter 2015 were at 11.3%, a difference of -0.21% from the previous year. During this same period, average lease rates in the County were at \$2.47 per SF per month Full Service Gross (FSG), a 7.9% increase from the previous year. The El Cajon/La Mesa/Santee submarket contains approximately 5.6 million SF of office space, or 4.9% of the County total. The current vacancy rate for office space within the El Cajon/La Mesa/Santee submarket is estimated as 5.8%, significantly lower than the County average vacancy rate of 11.3%.

The average asking lease rate for office space in the El Cajon/La Mesa/Santee submarket is \$1.73 per SF per month FSG. This rental rate is notably lower than the Mission Valley submarket (\$2.30 per SF) and the County overall (\$2.47). A survey of LoopNet office space listings in La Mesa indicates that most office space is listed for rents in the \$1.15 to \$2.00 range. These relatively low asking rents reflect the age and condition of office space in the City. The highest rent buildings in the City appear to be Allied Plaza (fronting Interstate 8) and La Mesa Village Plaza (directly south of the Police Station site). These buildings typically command rents up to \$2.50 per SF per month. These market rents are close to the level required to support the cost of new construction, generally \$3.00 and higher. (Medical office buildings, which are generally concentrated around Sharp Grossmont Hospital, have been omitted from this survey.)

In general, office tenants in the La Mesa Village area tend to be small, local-serving professional firms such as finance, insurance, and real estate professionals. The Village area lacks direct freeway access, large sites that can accommodate parking, and the critical mass of office buildings needed to forge an identity as a distinct submarket. The primary factors supporting office development on the Civic Center site include the following:

- proximity to City Hall, in terms of access and identity;
- reduced costs associated with shared parking;
- direct trolley access; and
- the amenities and image of La Mesa Village.

City staff has indicated that the City's policy has been a preference for a government/institutional user, rather than speculative private office development, on the Civic Center site. While all of the above factors are particularly appealing to government/institutional users, there are a limited number of such users in the trade area seeking new office space at any given time. Additionally, significantly lower cost options are available to these users, such as locating in one of East County's business parks. Having said that, the right government/institutional user might find the Civic Center site an attractive option given the proximity to City Hall and other government uses.

## C. Retail Market Overview

Overall, the San Diego region is experiencing an improving retail market with higher occupancy rates and increasing leasing activity. As with the national retail market, San Diego's retail market depends on improvements in the employment market. From December 2014 to 2015, the region gained 37,500 jobs. The unemployment rate for the County was 4.7% as of December 2015, the lowest in nearly seven years.

The San Diego County retail market contains a total of 122.2 million SF. NAI San Diego reported at the end of 4th quarter 2015 that the County-wide average asking rental rate for retail space was \$2.02 per SF per month Triple Net (NNN), a 1.0% increase from 2014. During 4th quarter 2015, vacancy rates for retail space in the County measured 4.8%, a 0.8% increase from the previous year vacancy rate of 4.0%.

There is approximately 5.2 million SF of retail space in La Mesa, with most of it concentrated at the Grossmont Center mall and along Fletcher Parkway. During 4th quarter 2015, the vacancy rate in La Mesa was 3.6% and the average asking rental rate was \$1.43 per SF per month NNN.

The Police Station site is located on Allison Avenue, a secondary east-west street that parallels La Mesa Boulevard, the "main street" of La Mesa Village. La Mesa Village is a historic shopping and dining district comprising a mix of retail, restaurant, specialty, and antique stores. The City recently completed major new streetscape improvements in the Village, consisting of updated sidewalks, crosswalks, landscape enhancements, outdoor amenities, and improved gateways, at a total cost of \$5.0 million. The Village is divided by the Spring Street traffic corridor and the trolley tracks, with most of the older Village concentrated on the east side. The Police Station site is located directly north of La Mesa Village Plaza, a mixed-use development opened in 1991. Retail and food service uses within La Mesa Village Plaza are oriented toward La Mesa Boulevard to the south, rather than Allison Avenue to the north. A survey of LoopNet retail space listings for the La Mesa Village area indicates that retail space is listed for rents in the \$1.25 to \$1.75 per SF per month range.

In sum, existing retail, restaurant, and service uses in the vicinity of the Police Station site are concentrated along La Mesa Boulevard, both east and west of Spring Street. This corridor has served as La Mesa's traditional "main street" and has been further strengthened by the development of La Mesa Village Plaza and the recently completed streetscape improvements. Given these existing patterns, the Police Station site is not seen as an opportunity for development of new retail space. If multi-family residential is developed on the site, there may exist the potential to incorporate a limited amount of eating and drinking or service space at the corner of Allison and Date Avenues.

## D. Multi-Family Residential Market Overview

In recent years, the San Diego region has seen an explosion of multi-family apartment development. This trend is particularly noteworthy in higher rent submarkets, such as Downtown San Diego, Mission Valley, the Golden Triangle, and Carlsbad. New development is driven by a combination of low vacancies and rising rents. County-wide, the San Diego County Apartment Association (SDCAA) reports an overall vacancy factor of 2.5%, up from 2.4% just one year prior. While the average rent regionally is \$1,513 per unit per month, many developers are leasing new apartments at rents in the \$2,000 to \$3,000 range. These rents translate to the \$2.50 to \$3.50 per SF range.

The City's housing inventory increased from a total 24,943 units in 2000 to 25,931 units in 2015. This increase represents a 0.26% average annual growth rate for the period. This relatively low rate of housing development reflects the built out nature of the City. Notably, the City's housing stock has been relatively stable when compared with regional trends, as shown in Table V-4 below.

	<i>Average Annual Units</i>	<i>Average Annual Rate</i>
La Mesa	66	0.26%
City of San Diego	3,805	0.77%
San Diego County	9,537	0.86%

The current mix of housing inventory in La Mesa consists of 43% single-family detached units, 56% multi-family units (including single-family attached), and 1% other. There have been two significant new additions to the City's multi-family housing stock in the last 10 years: (1) the 297-unit Alterra/Pravada rental apartments at Grossmont Trolley in 2010, and (2) the recent completion of the 125-unit Seta apartment community along Interstate 8, completed in 2015. These developments offer a range of one-, two-, and three-bedroom units at market rental rates among the highest in the City. One bedroom units generally rent for \$1,600-\$1,800, and two bedrooms for \$2,200-\$2,300.

SANDAG projects housing inventory figures by city through 2035. As summarized in Table V-5 below, SANDAG estimates that La Mesa will experience an average annual growth rate of 0.73% through 2035. In contrast, both the City of San Diego and County overall are projected to outpace La Mesa at 0.98% and 0.83%, respectively.

	<i>Average Annual Units</i>	<i>Average Annual Rate</i>
La Mesa	204	0.73%
City of San Diego	5,695	0.98%
San Diego County	10,579	0.83%

No major new multi-family apartments have been developed in the La Mesa Village area in decades. However, the Village area offers a combination of assets that are likely to appeal to apartment developers and future tenants, including proximity to the trolley and the amenities and image of the Village. At 1.2 acres, the Police Station site is small and will require development of an urban building with structured parking in order to create a critical mass of units and the feel of a residential community. Based on review of recent developments in comparable submarkets, the most likely building type is Type III wood-frame construction over podium parking. Under this configuration, the Police Station site could accommodate a maximum of 90 to 120 residential units in up to five stories. The grade of the site allows for development of one level of parking without ramping, i.e., the parking would daylight at Date Avenue but be fully subterranean toward Spring Street. Limiting the parking to a single level is more cost-efficient, but also limits the number of units that can be developed on the Site.

The City may consider a range of potential financing mechanisms to fund the development of the Civic Center. A brief discussion of each approach is presented below.

## GENERAL OBLIGATION BONDS (GO Bonds)

GO Bonds are bonds issued by both state and local governments in order to fund public improvements. Examples of public improvements include: city halls, schools, libraries, and other large capital projects. Bond proceeds cannot be used for equipment purchases or to pay for operations and maintenance. This approach is considered the most secure of all municipal debt. GO Bonds require two-thirds (2/3) voter approval of the proposed property tax assessment required for the payment of debt service. For a city hall project, the City would presumably conduct a Citywide vote. Prior to Proposition 13, many local governments used GO Bonds to fund the building of city halls, police stations, libraries, and schools. Due to the limitations of Proposition 13, the use of GO bonds at the local level has declined.

## CERTIFICATES OF PARTICIPATION (COPs)

COPs represent an alternative public facilities financing mechanism to the voter-approved GO bond financing mechanism. COPs are lease financing agreements in which the public agency uses its authority to leverage real property assets by borrowing against the City's equity within those assets. COPs do not require approval by public vote because lease payments are not acknowledged as debt under the State of California (State) Constitution. The City of La Mesa has previously issued COPs to raise funds to construct the Interim Library and Post Office (ILPO) building and related improvements at the Civic Center site. The City of La Mesa structured this \$5.0 million COP financing as a lease/leaseback using the existing Fire Station 11/Emergency Operations Center to secure the loan.

## CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank)

I-Bank finances public infrastructure and eligible private development through a number of methods, including, but not limited to: issuing tax-exempt bonds, issuing revenue bonds, issuing credit enhancements, and acquiring or leasing facilities. I-Bank may finance projects such as city halls, public safety facilities, educational facilities, parks and recreational facilities, city streets, and public transit. Select I-Bank programs such as the Infrastructure State Revolving Fund (ISRF) Program offer lower interest rates in areas experiencing high unemployment and/or low median household incomes. As a comparative measure, recent ISRF financings have carried interest rates in the 2.5% to 4.0% range. Recently, the City of Del Mar submitted a loan application to I-Bank for an estimated \$16.0 million to finance a new civic center complex under a lease-financed loan.

## PUBLIC-PRIVATE PARTNERSHIPS (P3s)

P3s are long-term approaches to funding public infrastructure and/or facilities where one or more private sector companies assumes a major share of the risks in terms of financing, construction, and/or operational performance. P3s can be defined in a variety of ways (i.e., Operations and Maintenance; Operations, Maintenance, and Management; Design-Build; Design-Build-Maintain; etc.). A possible P3 option for the City would be a Design-Build (DB) approach. A DB P3 is when the private partner provides both design and construction of a project to the public agency. This type of P3 is both time and cost efficient, provides stronger guarantees, and reduces the risk to the public agency. Under a DB P3, the public agency assumes ownership of the asset and has responsibility for operation and maintenance. In 2003, the City of Chula Vista, under a DB P3 contract, selected Highland Partnership, Inc. to design, construct, renovate, and expand the City's Civic Center complex with a budget of approximately \$50.0 million. More recently, in 2008, the County of San Diego entered into a DB P3 with Lowe Enterprises for the development of a new 900,000-SF County Operations Center in Kearny Mesa.

1. The analysis contained in this document is based, in part, on data from secondary sources such as state and local government, planning agencies, real estate brokers, and other third parties. While KMA/Gruen believe that these sources are reliable, we cannot guarantee their accuracy.
2. The analysis assumes that neither the local nor national economy will experience a major recession. If an unforeseen change occurs in the economy, the conclusions contained herein may no longer be valid.
3. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured.
4. Market feasibility is not equivalent to financial feasibility; other factors apart from the level of demand for a land use are of crucial importance in determining feasibility. These factors include the cost of acquiring sites, relocation burdens, traffic impacts, remediation of toxics (if any), and mitigation measures required through the approval process.
5. The development concept will not vary significantly from that identified in this analysis.
6. Any estimates of development costs, capitalization rates, income, and/or expense projections are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be projections of the future for the specific project. No warranty or representation is made that any of the estimates or projections will actually materialize.
7. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity.
8. The analysis, opinions, recommendations and conclusions of this document are KMA/Gruen's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.

## APPENDIX A

### PROJECT DESCRIPTION AND PRELIMINARY COST ESTIMATE

CIVIC CENTER FEASIBILITY STUDY  
CITY OF LA MESA

SCENARIO A  
LOW COST ESTIMATE

TABLE A-1

PROJECT DESCRIPTION AND PRELIMINARY COST ESTIMATE - SCENARIO A - LOW COST ESTIMATE  
CIVIC CENTER  
CITY OF LA MESA

	Buildings			Open Space			Parking Spaces							Preliminary Cost Estimate (1)		
	City Hall	Office	Total	Permeable	Landscaped	Paved	Surface		Structure		Total			By Phase	Cumulative (Excl. Finish Surface Parking)	Cumulative (Incl. Finish Surface Parking)
	SF	SF	SF	SF	SF	SF	Spaces	SF (2)	Spaces	SF	Spaces	SF (2)	Ratio per 1,000 SF			
<i>Cost per SF/Space (1)</i>	<i>\$450</i>	--	--	<i>\$25</i>	<i>\$65</i>	<i>\$50</i>	<i>\$4,000</i>	--	<i>\$32,000</i>	--	--	--	--			
<b>SCENARIO A - PHASE I</b>																
New City Hall and Sitescape	24,000	0	24,000	12,900	21,567	16,366	147	--	0	0	147	--	6.1	\$13,343,000	\$13,343,000	\$13,343,000
Demolish Old City Hall @ \$20 / SF	(19,000)	--	(19,000)	--	--	--	--	--	--	--	--	--	--	\$380,000	\$13,723,000	\$13,723,000
Build Park Incremental	0	0	0	0	34,433	8,834	0	--	0	0	0	0	0			
Cumulative	24,000	0	24,000	12,900	56,000	25,200	147	--	0	0	147	--	6.1	\$2,680,000	\$16,403,000	\$16,403,000
Finish Surface Parking Incremental	0	0	0	0	(2,700)	700	54	--	0	0	0	0	2.3			
Cumulative	24,000	0	24,000	12,900	53,300	25,900	201	71,200	0	0	201	71,200	8.4	\$804,000 (3)	\$16,403,000	\$17,207,000
<b>SCENARIO A - PHASE II</b>																
Build Office Building Incremental	0	20,000	20,000	0	3,400	(2,100)	(39)	(13,800)	0	0	(39)	(13,800)	(4.7)			
Cumulative	24,000	20,000	44,000	12,900	56,700	23,800	162	57,400	0	0	162	57,400	3.7	\$0	\$16,403,000	\$17,207,000
<b>SCENARIO A - PHASE III</b>																
Build Parking Structure Incremental	0	0	0	0	1,800	0	(73)	(25,900)	118	47,900	45	22,000	1.0			
Cumulative	24,000	20,000	44,000	12,900	58,500	23,800	89	31,500	118	47,900	207	79,400	4.7	\$3,776,000	\$20,179,000	\$20,983,000

(1) Preliminary cost estimate including directs, indirects, and financing costs. Assumes payment of prevailing wages.

(2) Excludes permeable open space.

(3) Assumes 201 new surface parking spaces.

SCENARIO A  
HIGH COST ESTIMATE

TABLE A-2

PROJECT DESCRIPTION AND PRELIMINARY COST ESTIMATE - SCENARIO A - HIGH COST ESTIMATE  
CIVIC CENTER  
CITY OF LA MESA

	Buildings			Open Space			Parking Spaces						Preliminary Cost Estimate <sup>(1)</sup>			
	City Hall	Office	Total	Permeable	Landscaped	Paved	Surface		Structure		Total		By Phase	Cumulative (Excl. Finish Surface Parking)	Cumulative (Incl. Finish Surface Parking)	
	SF	SF	SF	SF	SF	SF	Spaces	SF <sup>(2)</sup>	Spaces	SF	Spaces	SF <sup>(2)</sup>				Ratio per 1,000 SF
<b>Cost per SF/Space <sup>(1)</sup></b>	<b>\$500</b>	--	--	<b>\$40</b>	<b>\$100</b>	<b>\$75</b>	<b>\$6,000</b>	--	<b>\$38,000</b>	--	--	--	--			
<b>SCENARIO A - PHASE I</b>																
New City Hall and Sitescape	24,000	0	24,000	12,900	21,567	16,366	147	--	0	0	147	--	6.1	\$15,900,000	\$15,900,000	\$15,900,000
Demolish Old City Hall @ \$25 / SF	(19,000)	--	(19,000)	--	--	--	--	--	--	--	--	--	--	\$475,000	\$16,375,000	\$16,375,000
Build Park																
Incremental	0	0	0	0	34,433	8,834	0	--	0	0	0	0	0			
Cumulative	24,000	0	24,000	12,900	56,000	25,200	147	--	0	0	147	--	6.1	\$4,106,000	\$20,481,000	\$20,481,000
Finish Surface Parking																
Incremental	0	0	0	0	(2,700)	700	54	--	0	0	0	0	2.3			
Cumulative	24,000	0	24,000	12,900	53,300	25,900	201	71,200	0	0	201	71,200	8.4	\$1,206,000 <sup>(3)</sup>	\$20,481,000	\$21,687,000
<b>SCENARIO A - PHASE II</b>																
Build Office Building																
Incremental	0	20,000	20,000	0	3,400	(2,100)	(39)	(13,800)	0	0	(39)	(13,800)	(4.7)			
Cumulative	24,000	20,000	44,000	12,900	56,700	23,800	162	57,400	0	0	162	57,400	3.7	\$0	\$20,481,000	\$21,687,000
<b>SCENARIO A - PHASE III</b>																
Build Parking Structure																
Incremental	0	0	0	0	1,800	0	(73)	(25,900)	118	47,900	45	22,000	1.0			
Cumulative	24,000	20,000	44,000	12,900	58,500	23,800	89	31,500	118	47,900	207	79,400	4.7	\$4,484,000	\$24,965,000	\$26,171,000

(1) Preliminary cost estimate including directs, indirects, and financing costs. Assumes payment of prevailing wages.

(2) Excludes permeable open space.

(3) Assumes 201 new surface parking spaces.

SCENARIO B  
LOW COST ESTIMATE

TABLE A-3

PROJECT DESCRIPTION AND PRELIMINARY COST ESTIMATE - SCENARIO B - LOW COST ESTIMATE  
CIVIC CENTER  
CITY OF LA MESA

	Buildings			Open Space			Parking Spaces						Preliminary Cost Estimate <sup>(1)</sup>			
	City Hall	Office	Total	Permeable	Landscaped	Paved	Surface		Structure		Total		By Phase	Cumulative (Excl. Finish Surface Parking)	Cumulative (Incl. Finish Surface Parking)	
	SF	SF	SF	SF	SF	SF	Spaces	SF <sup>(2)</sup>	Spaces	SF	Spaces	SF <sup>(2)</sup>				Ratio per 1,000 SF
<i>Cost per SF/Space</i> <sup>(1)</sup>	\$450	--	--	\$25	\$65	\$50	\$4,000	--	\$32,000	--	--	--	--			
<b>SCENARIO B - PHASE I</b>																
New City Hall and Sitescape	24,000	0	24,000	12,900	21,567	16,366	147	--	0	0	147	--	6.1	\$13,343,000	\$13,343,000	\$13,343,000
Demolish Old City Hall @ \$20 / SF	(19,000)	--	(19,000)	--	--	--	--	--	--	--	--	--	--	\$380,000	\$13,723,000	\$13,723,000
Build Park																
Incremental	0	0	0	0	34,433	8,834	0	--	0	0	0	0	0			
Cumulative	24,000	0	24,000	12,900	56,000	25,200	147	--	0	0	147	--	6.1	\$2,680,000	\$16,403,000	\$16,403,000
Finish Surface Parking																
Incremental	0	0	0	0	(2,700)	700	54	--	0	0	0	0	2.3			
Cumulative	24,000	0	24,000	12,900	53,300	25,900	201	71,200	0	0	201	71,200	8.4	\$804,000 <sup>(3)</sup>	\$16,403,000	\$17,207,000
<b>SCENARIO B - PHASE II</b>																
Build Office Building																
Incremental	0	20,000	20,000	0	3,300	2,500	(45)	(14,000)	0	0	(45)	(14,000)	(4.8)			
Cumulative	24,000	20,000	44,000	12,900	56,600	28,400	156	57,200	0	0	156	57,200	3.5	\$0	\$16,403,000	\$17,207,000
<b>SCENARIO B - PHASE III</b>																
Build Parking Structure																
Incremental	0	0	0	0	4,300	0	(66)	(30,500)	132	45,200	66	14,700	1.5			
Cumulative	24,000	20,000	44,000	12,900	60,900	28,400	90	26,700	132	45,200	222	71,900	5.0	\$4,224,000	\$20,627,000	\$21,431,000

(1) Preliminary cost estimate including directs, indirects, and financing costs. Assumes payment of prevailing wages.

(2) Excludes permeable open space.

(3) Assumes 201 new surface parking spaces.

SCENARIO B  
HIGH COST ESTIMATE

TABLE A-4

PROJECT DESCRIPTION AND PRELIMINARY COST ESTIMATE - SCENARIO B - HIGH COST ESTIMATE  
CIVIC CENTER  
CITY OF LA MESA

	Buildings			Open Space			Parking Spaces							Preliminary Cost Estimate <sup>(1)</sup>			
	City Hall	Office	Total	Permeable	Landscaped	Paved	Surface		Structure		Total			By Phase	Cumulative (Excl. Finish Surface Parking)	Cumulative (Incl. Finish Surface Parking)	
	SF	SF	SF	SF	SF	SF	Spaces	SF <sup>(2)</sup>	Spaces	SF	Spaces	SF <sup>(2)</sup>	Ratio per 1,000 SF				
<i>Cost per SF/Space</i> <sup>(1)</sup>	\$500	--	--	\$40	\$100	\$75	\$6,000	--	\$38,000	--	--	--	--	--			
<b>SCENARIO B - PHASE I</b>																	
New City Hall and Sitescape	24,000	0	24,000	12,900	21,567	16,366	147	--	0	0	147	--	6.1	\$15,900,000	\$15,900,000	\$15,900,000	
Demolish Old City Hall @ \$25 / SF	(19,000)	--	(19,000)	--	--	--	--	--	--	--	--	--	--	\$475,000	\$16,375,000	\$16,375,000	
Build Park																	
Incremental	0	0	0	0	34,433	8,834	0	--	0	0	0	0	0				
Cumulative	24,000	0	24,000	12,900	56,000	25,200	147	--	0	0	147	--	6.1	\$4,106,000	\$20,481,000	\$20,481,000	
Finish Surface Parking																	
Incremental	0	0	0	0	(2,700)	700	54	--	0	0	0	0	2.3				
Cumulative	24,000	0	24,000	12,900	53,300	25,900	201	71,200	0	0	201	71,200	8.4	\$1,206,000 <sup>(3)</sup>	\$20,481,000	\$21,687,000	
<b>SCENARIO B - PHASE II</b>																	
Build Office Building																	
Incremental	0	20,000	20,000	0	3,300	2,500	(45)	(14,000)	0	0	(45)	(14,000)	(4.8)				
Cumulative	24,000	20,000	44,000	12,900	56,600	28,400	156	57,200	0	0	156	57,200	3.5	\$0	\$20,481,000	\$21,687,000	
<b>SCENARIO B - PHASE III</b>																	
Build Parking Structure																	
Incremental	0	0	0	0	4,300	0	(66)	(30,500)	132	45,200	66	14,700	1.5				
Cumulative	24,000	20,000	44,000	12,900	60,900	28,400	90	26,700	132	45,200	222	71,900	5.0	\$5,016,000	\$25,497,000	\$26,703,000	

(1) Preliminary cost estimate including directs, indirects, and financing costs. Assumes payment of prevailing wages.

(2) Excludes permeable open space.

(3) Assumes 201 new surface parking spaces.

**APPENDIX B**  
**OFFICE BUILDING PRO FORMA**  
CIVIC CENTER FEASIBILITY STUDY  
CITY OF LA MESA

OFFICE BUILDING

TABLE B-1

PROJECT DESCRIPTION  
CIVIC CENTER  
CITY OF LA MESA

<b>I. Site Area</b>	0.2 Acres (Building footprint)
<b>II. Development Description</b>	
A. Product Type	Office
B. Number of Stories	2 Stories
C. Floor Area Ratio (FAR)	2.00
<b>III. Gross Building Area (GBA)</b>	
Office	
Net Rentable Area	18,500 SF 92.5%
Core Factor	<u>1,500</u> SF <u>7.5%</u>
Total Office GBA	20,000 SF 100.0%

OFFICE BUILDING

TABLE B-2

ESTIMATED DEVELOPMENT COSTS  
CIVIC CENTER  
CITY OF LA MESA

	Total	Comments
<b>I. Direct Costs (1)</b>		
Off-Site Improvements (2)	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping	\$250,000	Allowance
Parking	\$0	\$0 Per Space
Shell Construction	\$3,000,000	\$150 Per SF GBA
Tenant Improvements	\$648,000	\$35 Per Net SF Office
Amenities/FF&E	\$25,000	Allowance
Contingency	<u>\$196,000</u>	5.0% of Directs
<b>Total Direct Costs</b>	<b>\$4,119,000</b>	<b>\$206 Per SF GBA</b>
<b>II. Indirect Costs</b>		
Architecture & Engineering	\$206,000	5.0% of Directs
Permits & Fees (2)	\$160,000	\$8 Per SF GBA
Legal & Accounting	\$62,000	1.5% of Directs
Taxes & Insurance	\$62,000	1.5% of Directs
Developer Fee	\$165,000	4.0% of Directs
Marketing/Lease-Up	\$0	\$0 Per Net SF Office
Contingency	<u>\$33,000</u>	5.0% of Indirects
<b>Total Indirect Costs</b>	<b>\$688,000</b>	<b>16.7% of Directs</b>
<b>III. Financing Costs</b>	<b><u>\$500,000</u></b>	<b>Allowance</b>
<b>IV. Total Development Costs</b>	<b>\$5,307,000</b>	<b>\$265 Per SF GBA</b>

(1) Does not include the payment of prevailing wages.  
(2) Allowance; not verified by KMA or City.

OFFICE BUILDING

TABLE B-3

STABILIZED NET OPERATING INCOME  
CIVIC CENTER  
CITY OF LA MESA

	<u>Rentable SF</u>	<u>Rent</u>	<u>Total Annual</u>
<b>I. Gross Scheduled Income (GSI)</b>			
Office	18,500	\$2.50 /SF/Month/FSG	\$555,000
(Less) Vacancy		5.0% of GSI	<u>(\$27,800)</u>
Total Effective Gross Income			\$527,200
Parking Revenue		\$0 /Space/Month	\$0
(Less) Operating Expenses		\$9 /SF/Year	<u>(\$166,500)</u>
<b>II. Net Operating Income (NOI)</b>			<b>\$360,700</b>

OFFICE BUILDING

TABLE B-4

RESIDUAL LAND VALUE  
CIVIC CENTER  
CITY OF LA MESA

		<u>Total</u>	
<b>I. Capitalized Value Upon Completion</b>			
Stabilized Net Operating Income		\$361,000	
Capitalization Rate @		6.5%	
Capitalized Value Upon Completion	\$278 /SF	\$5,554,000	
(Less) Cost of Sale @	3.0% of Value	(\$167,000)	
(Less) Target Developer Profit @	10.0% of Value	<u>(\$555,000)</u>	
<b>II. Net Sales Proceeds</b>	<b>\$242 /SF</b>	<b>\$4,832,000</b>	
<b>III. (Less) Development Costs</b>		<u>(\$5,307,000)</u>	
<b>IV. Residual Land Value</b>		<b>(\$475,000)</b>	
<hr/>			
<b>V. Residual Land Value - Rent Variations</b>	<u>Rent/SF</u>	<u>Total</u>	<u>Annual Ground Rent @ 8.0% Rate</u>
Residual Land Value @	\$2.50	(\$475,000)	(\$38,000)
Residual Land Value @	\$2.75	\$234,000	\$19,000
Residual Land Value @	\$3.00	\$930,000	\$74,000

## APPENDIX C

### MULTI-FAMILY RESIDENTIAL PRO FORMA

CIVIC CENTER FEASIBILITY STUDY  
CITY OF LA MESA

**MULTI-FAMILY  
RESIDENTIAL**

TABLE C-1

PROJECT DESCRIPTION  
CIVIC CENTER  
CITY OF LA MESA

<b>I. Site Area</b>	1.2 Acres		
<b>II. Development Description</b>			
A. Product Type	Residential - Apartments		
B. Number of Stories	3 Stories over podium parking		
C. Density	73.3 Units/Acre		
D. Floor Area Ratio (FAR)	1.9		
E. Construction Type	Wood-frame over podium		
<b>III. Gross Building Area (GBA)</b>			
Residential GBA			
Rentable GBA	83,959 SF	84%	
Amenities	3,815 SF	4%	
Common Area/Circulation	<u>11,919</u> SF	<u>12%</u>	
Total Residential GBA	99,693 SF	100%	
Open Space Area			
Private Open Space	2,800 SF		
Public Open Space	<u>16,300</u> SF		
Total Open Space Area	19,100 SF		
<b>IV. Unit Mix</b>	<u># of Units</u>		<u>Typical Unit Size</u>
One Bedroom	37 Units	42%	720 SF
Two Bedroom	<u>51</u> Units	<u>58%</u>	<u>1,080</u> SF
Total/Average	88 Units	100%	929 SF
<b>V. Parking</b>			
Type of Parking	Podium (one level)		
Residential Spaces	138 Spaces		
Parking Ratio	1.6 Spaces/Unit		
Average SF/Space	391 SF		
Parking Area	54,000 SF		

**MULTI-FAMILY  
RESIDENTIAL**

TABLE C-2

ESTIMATED DEVELOPMENT COSTS  
CIVIC CENTER  
CITY OF LA MESA

	<u>Total</u>	<u>Per Unit</u>	<u>Comments</u>
<b>I. Direct Costs (1)</b>			
Off-Site Improvements (2)	\$0	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping	\$418,000	\$4,800	\$8 Per SF Site
Parking	\$4,140,000	\$47,000	\$30,000 Per Space
Shell Construction	\$13,957,000	\$158,600	\$140 Per SF GBA
Amenities/FF&E	\$440,000	\$5,000	Allowance
Contingency	<u>\$948,000</u>	<u>\$10,800</u>	5.0% of Directs
Total Direct Costs	\$19,903,000	\$226,200	\$200 Per SF GBA
<b>II. Indirect Costs</b>			
Architecture & Engineering	\$995,000	\$11,300	5.0% of Directs
Permits & Fees (2)	\$1,100,000	\$12,500	\$11 Per SF GBA
Legal & Accounting	\$199,000	\$2,300	1.0% of Directs
Taxes & Insurance	\$199,000	\$2,300	1.0% of Directs
Developer Fee	\$796,000	\$9,000	4.0% of Directs
Marketing/Lease-Up	\$220,000	\$2,500	Allowance
Contingency	<u>\$175,000</u>	<u>\$2,000</u>	5.0% of Indirects
Total Indirect Costs	\$3,684,000	\$41,900	18.5% of Directs
<b>III. Financing Costs</b>	<u>\$1,990,000</u>	<u>\$22,600</u>	10.0% of Directs
<b>IV. Total Development Costs</b>	<b>\$25,577,000</b>	<b>\$290,600</b>	<b>\$257 Per SF GBA</b>

(1) Does not include the payment of prevailing wages.  
(2) Allowance; not verified by KMA or City.

**TABLE C-3**  
**NET OPERATING INCOME**  
**CIVIC CENTER**  
**CITY OF LA MESA**

**MULTI-FAMILY  
RESIDENTIAL**

	<u>Unit Size</u>	<u># of Units</u>	<u>\$/SF</u>	<u>\$/Month</u>	<u>Annual</u>
<b>I. Gross Scheduled Income (GSI)</b>					
One Bedroom	720 SF	37	\$2.55	\$1,836	\$815,200
Two Bedroom	<u>1,080</u> SF	<u>51</u>	<u>\$2.10</u>	<u>\$2,268</u>	<u>\$1,388,000</u>
Total/Average	929 SF	88	\$2.25	\$2,086	\$2,203,200
Add: Other Income			\$50 /Unit/Month		<u>\$52,800</u>
Total Gross Scheduled Income (GSI)					\$2,256,000
(Less) Vacancy			5.0% of GSI		<u>(\$112,800)</u>
Effective Gross Income (EGI)					\$2,143,200
<b>II. Operating Expense</b>					
(Less) Operating Expenses			\$4,000 /Unit/Year		(\$352,000)
(Less) Property Taxes (1)			\$3,949 /Unit/Year		(\$347,500)
(Less) Replacement Reserves			<u>\$250</u> /Unit/Year		<u>(\$22,000)</u>
Total Expenses			\$8,199 /Unit/Year		(\$721,500)
			33.7% of EGI		
<b>III. Net Operating Income (NOI)</b>					<b>\$1,421,700</b>

**TABLE C-4**  
**RESIDUAL LAND VALUE**  
**CIVIC CENTER**  
**CITY OF LA MESA**

**MULTI-FAMILY  
RESIDENTIAL**

<b>I. Capitalized Value Upon Completion</b>				
Stabilized Net Operating Income				\$1,422,000
Capitalization Rate @				4.50%
Capitalized Value Upon Completion	\$359,100 /Unit			\$31,600,000
(Less) Cost of Sale	3.0% of Value			(\$948,000)
(Less) Target Developer Profit	10.0% of Value			<u>(\$3,160,000)</u>
<b>II. Net Sales Proceeds</b>				
	<b>\$312,400 /Unit</b>			<b>\$27,492,000</b>
<b>III. (Less) Development Costs</b>				
				<u>(\$25,577,000)</u>
<b>IV. Residual Land Value</b>				
	<b>\$21,800 /Unit</b>			<b>\$1,915,000</b>
Per SF Land				<b>\$37</b>
<b>V. Residual Land Value - Rent Variations</b>				
	<u>Rent/SF</u>	<u>Total</u>	<u>Per Unit</u>	<u>Per SF Land</u>
<b>Residual Land Value @</b>	\$2.35	\$3,365,000	\$38,200	\$64
<b>Residual Land Value @</b>	\$2.45	\$4,796,000	\$54,500	\$92

(1) Based on capitalized income approach; assumes a 1.1% tax rate and 4.5% cap rate.

# APPENDIX D

## ADDITIONAL PHASE III CONCEPTUAL SITE PLANS AND RENDERINGS FOR SCENARIOS A AND B

CIVIC CENTER FEASIBILITY STUDY  
CITY OF LA MESA



**PHASE III-Scenario A**  
CIVIC CENTER

SUPERIMPOSED PHASE III-Scenario A ONTO EXISTING SITE PLAN





**PHASE III-Scenario A**  
CIVIC CENTER

VIEW FROM SOUTH OF ALLISON AVE.



PHASE III-Scenario A\_VIEW FROM UNIVERSITY AVE.



PHASE III-Scenario A\_VIEW FROM ALLISON AVE.



PHASE III-Scenario A\_VIEW FROM EXISTING POLICE DEPARTMENT BUILDING



PHASE III-Scenario A\_VIEW FROM ALLISON AVE.



PHASE III-Scenario A\_VIEW FROM NEW CITY HALL



PHASE III-Scenario A\_VIEW FROM LIBRARY



PHASE III-Scenario A\_VIEW FROM EXISTING POLICE DEPARTMENT BUILDING



PHASE III-Scenario A\_VIEW FROM ALLISON AVE.



**PHASE III-Scenario B**  
CIVIC CENTER

SUPERIMPOSED PHASE III-Scenario B ONTO EXISTING SITE PLAN





**PHASE III-Scenario B**  
CIVIC CENTER

VIEW FROM SOUTH OF ALLISON AVE.



PHASE III-Scenario B\_VIEW FROM UNIVERSITY AVE.



PHASE III-Scenario B\_VIEW FROM ALLISON AVE.



PHASE III-Scenario B\_VIEW FROM EXISTING POLICE DEPARTMENT BUILDING



PHASE III-Scenario B\_VIEW FROM ALLISON AVE.



PHASE III-Scenario B\_VIEW FROM NEW CITY HALL



PHASE III-Scenario B\_VIEW FROM LIBRARY



PHASE III-Scenario B\_VIEW FROM EXISTING POLICE DEPARTMENT BUILDING



PHASE III-Scenario B\_VIEW FROM ALLISON AVE.



KEYSER MARSTON ASSOCIATES

LA MESA CIVIC CENTER FEASIBILITY STUDY

**GRUENASSOCIATES**  
ARCHITECTURE PLANNING INTERIORS LANDSCAPE