

EXECUTIVE SUMMARY

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: July 29, 2011

IBA Report Number: 11-50

City Council Docket Date: August 2, 2011

Item Number: 334

Assignment and Assumption Agreement Related to the Proposed Phase III Expansion of the San Diego Convention Center

On Tuesday, August 2 the City Council will be requested to authorize the assignment and assumption of certain contracts and agreements from the San Diego Convention Center Corporation (SDCCC) to the City. These contracts and agreements were entered into by the SDCCC for planning and design services related to the Convention Center Phase III Expansion Project. The IBA has reviewed these contracts and agreement, and has discussed a number of issues with Mayoral staff, the City Attorney's Office, and the Phase III Expansion Project Manager, Charles Black.

Overall, the IBA is satisfied with the answers that have been provided to our questions. While we do not have any significant concerns with the assignment and assumption of the design and planning contracts, we do note that there is some risk that additional funding sources will need to be identified in the case of significant cost overruns. However, it is anticipated that current contract amounts will be sufficient to complete all work through entitlement. In addition, the risk associated with significant cost overruns would likely exist even if the contracts remain with the SDCCC, since Agency loan proceeds are already needed to pay for contract expenses. By assuming control of the planning and design contracts, the City will be able to exercise greater control over contract expenditures and provide enhanced oversight of the proposed Phase III Expansion Project.