

## New City Hall Proposal is Bad on All Fronts

Tuesday, March 1, 2011 | San Diego Business Journal | Jason Hughes

**W**hen last we met in my January 10 column, I suggested one of the new year's resolutions San Diego politicians should make and keep is to not spend \$300 million the city doesn't have to build a new city hall it doesn't need. Given the lagging economy, soaring pension costs contributing to a \$56 million budget deficit and deteriorating levels of city services, the last thing that any rational body should do is spend nearly a third of a billion dollars to erect a gleaming 19-story edifice to house the city's bureaucracy.

Civic idiocy lives, however. Even though we don't hear a lot of chatter about it publicly, the idea is far from dormant. In recent weeks, there's been a quiet lobbying effort to gin up support from enough council members to approve spending a few hundred million dollars—without bothering to take a public vote.

Whether or not a new city hall makes sense, the idea of proceeding to spend a few hundred million tax dollars without the public's consent is breath taking. Last fall, Council Members Carl DeMaio, Sherri Lightner, Kevin Faulconer, and Donna Frye said they would insist on a public vote before approving anything. Frye is gone now, but meanwhile, the lobbying effort with some council members seems to be working. Of the two who took office in December, David Alvarez has said he supports moving forward without a public vote as long as the project "makes financial sense." Fellow council rookie Lorie Zapf, who opposed the project during last fall's campaign, now says there may be some merit to it, given "potential savings in building maintenance and leased office space."

It appears the common adage that "The worst lies are the lies we tell ourselves" is becoming the case among our elected council members who are struggling to convince themselves that a new city hall makes financial sense. It does not. The claim that building a new city hall makes financial sense is patently false—no matter who tries to make the case.

But there are other factors to consider as well. Let's look at this lousy idea from three perspectives.

First, consider the collective will of the city's electorate. Does anybody think for a New York minute that the voters who soundly rejected the Proposition D sales tax hike proposal by a nearly two-to-one margin last November are going to stand still and pay for a \$300 million skyscraper? No way would I want to incur the public wrath that would surely rain down on any council member who supports end-running a public vote.

Second, there's no financial "kitty" to use in building a new city hall. In fact, there are looming threats to other streams of revenue being gobbled up by the state; most notably redevelopment funding that is being used for important projects in the city's urban core. If the governor has his way, San Diego's redevelopment agency will be disbanded and monies from tax increment will flow northward to Sacramento. That will surely have direct and indirect impacts on the city's other financial priorities.

Third, there's really no need operationally for a new and larger building. The sales pitch argues that a new city hall would save taxpayers money because it could accommodate all the city offices that are now in various privately owned buildings and save about \$13 million a year in lease payments—a number that is greatly exaggerated. Besides, we need to consolidate our use of space, they suggest.

E-mail and other computer technologies remove the need for everybody being next to each other. And, the utilities, janitorial, maintenance and other costs that are included in what the city pays to lease space would remain constant, whether the spaces are in a new city hall or in leased buildings. Also important to keep in mind is the devastating impact dumping 500,000 square feet of city-leased office space would have on an already squishy office leasing market. Higher vacancies send property and sales tax revenues into a downward spiral.

# Hughes Marino

Because Where You Do Business Matters™

---

In reality, the city council has bigger issues to consider than a new building; most notably the dire options they must consider in order to balance the budget. There are five that come to mind: (1) cut personnel, (2) reduce pension and other benefit costs, (3) raise taxes, (4) borrow money, and/or (5) declare bankruptcy.

None of these choices bode well for ensuring the bright future San Diego needs and deserves.

*Jason Hughes is President of [Hughes Marino](http://HughesMarino.com), a San Diego commercial real estate company specializing in San Diego tenant representation and building purchases. Contact Jason at (619) 238-2111 or [Jason@hughesmarino.com](mailto:Jason@hughesmarino.com) to learn more.*