

REDEVELOPMENT AGENCY
BOARD

HARRY S. MAVROGENES
EXECUTIVE DIRECTOR

SEE BELOW

APRIL 9, 2007

INFORMATION

**SUBJECT: 360 RESIDENCES PROJECTS: SOUTH FIRST STREET
BUILDING DAMAGE**

On February 6, 2007 Mesa Development (Mesa) purchased Agency property located at the north east corner of Market and San Salvador Streets to commence construction of the 360 Residences project. Mesa's contractor and construction manager is Bovis Lend Lease (Bovis). The 360 Residences project site is immediately adjacent to several historic buildings, including the California Theatre, the Boschken Building owned by Mark Cardosa and Jim Salata, the West Prussia Building owned by Dennis Fong, and the Agenda Restaurant building owned by Jacek Rosicki. Because of the nature of this site and the type of construction activity (high-rise concrete structure with a deep foundation), Bovis developed a plan to monitor the adjacent buildings during construction. The contractor videotaped the buildings and placed "tell-tales" or small instruments that read movement; their surveyors, BKF Engineers, also regularly survey the properties to verify the measurements.

Construction started February 12, 2007. To date, preconstruction activities undertaken include demolition of existing underground structures (foundations etc.), an indicator pile program and vibratory soil stabilization work.

On February 20, 2007, Bovis struck the rear of the West Prussia Building located at 371-387 South First Street with construction equipment while mobilizing material on the project site. The owner, Dennis Fong, has observed and reported surface cracking and unusual movement in the building, as well as upheaval of the rear patio slab. At this time, it is not precisely known what damage has occurred, or what direct causal relationship exists between the construction activities and any damages. The Redevelopment Agency has no liability associated with the reported building damage.

The insurance firms of both Dennis Fong and Bovis are engaged and are currently reviewing the incident and alleged damages. In addition, the Developer and Mr. Fong have separately engaged structural engineering and soils engineering consultants to analyze the condition of the building and to determine the implications of moving forward with the pile driving program currently scheduled to commence April 11, 2007. Mesa plans to share the results of the analysis conducted by its engineering consultants with Dennis Fong when the report is completed this week.

Mesa, along with Bovis, and the adjacent property owners are continuing their review of the incident and observing conditions at their properties. Agency staff will continue to monitor the situation and report on any new developments that impact the schedule of the 360 Residences Project.

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