



City of San Leandro

Meeting Date: April 16, 2018

Staff Report

File Number: 18-162

Agenda Section: ACTION ITEMS

Agenda Number: 10.A.

TO: City Council

FROM: Jeff Kay
Interim City Manager

BY: Tom Liao
Acting Community Development Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: Staff Report for a Resolution Approving the First Amendment to the Exclusive Negotiating Rights Agreement by and between Cal-Coast Companies LLC and the City of San Leandro Relating to Development of the San Leandro Marina-Shoreline Project

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council adopt a Resolution that approves a First Amendment to the Exclusive Negotiating Rights Agreement (ENRA) with Cal-Coast Companies LLC (Cal-Coast) for development of the San Leandro Marina-Shoreline Project.

BACKGROUND

In October 2008, following a Request for Proposal process, the City entered into a three year Exclusive Negotiating Rights Agreement (ENRA) with Cal-Coast for the development of an approximately 75-acre opportunity site at the City's Shoreline. This original agreement expired in 2011. The current ENRA was established on April 2, 2012 and included a three year term with the ability to extend twice for an additional 18 months for a total of up to six years.

The current ENRA provides a framework for development of the San Leandro Marina-Shoreline Project and addresses specifics regarding project scope, developer and city responsibilities, phasing, and cost sharing. During the term of this agreement, the City and Cal-Coast have worked to prepare plans, studies, and financial analysis in order to fine-tune the scope of the project and negotiate terms and conditions for its development. Based on negotiations, staff input and CEQA environmental analysis to date, the scope of the project has evolved and changed to better meet the needs of the community.

During this time, a number of steps have been taken to further development of the project, including:

- Numerous public meetings with the Shoreline Development Citizens Advisory Committee (CAC) and other groups

- Certification of the Shoreline Development Project Environmental Impact Report
- General Plan Map Amendment and Rezoning for future development of the Shoreline Development Project
- Review by the Bay Conservation and Development Commission (BCDC)
- Updates to project elements and details based upon various factors, including feasibility and market analysis, environmental review, and BCDC review
- Response to, and successful conclusion of, lawsuit filed by the Coalition for the San Leandro Shoreline
- Negotiation of terms for public-private Development Agreement
- Planning and funding of public improvements associated with project, including construction of a new Mulford-Marina Branch Library, harbor basic decommissioning and redevelopment, and Marina Boulevard streetscape

Analysis

In order to allow for completion of negotiations and preparation of project plans, an amendment to the ENRA is proposed at this time. The amendment incorporates the following changes to the agreement:

- Extension of the term of the agreement for up to ten additional months to February 2, 2019, with an additional extension of up to four months to June 2, 2019.
- Changes to the project description to include the current project elements:
 - 200-225 room hotel with outdoor space;
 - Approximately 5,000 square foot restaurant;
 - Approximately 7,500 square foot quality full-service restaurant with second floor banquet facility;
 - Market/café/bait shop;
 - Up to 285 multi-family rental units;
 - Up to a total of 215 two and three story townhomes and single family homes along the 9-hole golf course;
 - 9 Hole Executive Golf Course Re-Design and Re-Construction; and
 - Approximately 18.6 acre Monarch Bay Park.
- Removal of specific plans for Harbor Basin redevelopment, as plans will be based on site conditions and available budget.
- Inclusion of a requirement that the developer prepare a plan and budget for the redesign of the nine hole executive golf course at the Monarch Bay Golf Club by July 1, 2018 in order to allow for public review and project planning and budgeting.
- Update of the project timeline, to include:
 - EIR Addendum - May 2018
 - Development Agreement, and associated documents, including but not limited to, Ground Leases, Purchase & Sale Agreement for Excess Golf Course Land
 - Lease Negotiations, Market & Feasibility Studies - On-going
 - Appraisal Parameters Established - April - May 2018
 - Appraisal of Excess Golf Course Land - July 2018
 - Golf Course & Park Design and Cost Estimates - July 1, 2018
 - Development Agreement Documents Finalized- September 30, 2018
 - Development Agreement Approval- Concurrent with or following project

- entitlements
- Permitting
 - Meeting with Agencies - On-going
 - BCDC Design Review Board Approval - Sept. 2018
 - BCDC Application Approved - Winter 2018
- Planned Development/Vesting Tentative Map
 - Community Meetings - As needed
 - Designs Submitted (Design Development) - August 2018
 - Planning Commission & City Council Work Session- If needed
 - Planning Commission & City Council Public Hearing - Fall 2018
- Construction Drawings Submitted (Grading) - Fall 2018
- Ground Break/Demo & Grading - Fall 2018
- Construction - Spring 2019

Previous Actions

- On September 26, 2016, and October 9, 2017, project updates were provided to the City Council, providing information on current project scope and process, BCDC review, and next steps.
- On July 20, 2015, the City Council adopted a resolution amending the General Plan Land Use Designation for Approximately 12 Acres of the San Leandro Shoreline Development Project.
- On July 20, 2015, the City Council adopted a resolution certifying the Environmental Impact Report, and associated documents under CEQA, for the San Leandro Shoreline Development Project.
- On April 2, 2012, the City Council adopted a resolution approving an amendment to the ENRA with Cal Coast for development of the Marina-Shoreline Area.
- On October 4, 2010 the City Council approved a Consultant Services Agreement with ESA for preparation of a Harbor Basin Alternative Study.
- On November 10, 2008 the City Council ratified the appointment of 33 individuals as Shoreline Development Citizens Advisory Committee Members.
- On October 20, 2008 the City Council adopted a resolution approving the original ENRA with Cal Coast.
- At the October 15, 2007 City Council meeting, Council approved the RFQ for a Master Developer for the Marina-Shoreline Area.

Environmental Review

On July 20, 2015, the City Council adopted a resolution certifying the Environmental Impact Report (EIR), Adopting Mitigation Findings, Findings Concerning Alternatives, a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program Under CEQA for the San Leandro Shoreline Development Project (PLN2013-00040). An Amendment to the EIR based upon updated project scope is being prepared for review and approval.

Legal Analysis

The amendment to the ENRA has been reviewed and approved as to form by the City Attorney's Office.

Fiscal Impacts

The allocation of the cost of project plans and studies, fiscal analysis, and agreements and other legal and technical documents is outlined in the negotiating agreement. The City's share of costs, which includes legal review, consulting, studies, appraisals, and public meetings, is to be allocated from budgeted funds in the City's Capital Improvement Budget. The impact of the development of the project on the City's General Fund revenue and expenditures is being evaluated and will be presented to the City Council in the future.

Budget Authority

The FY 2017-18 Capital Improvements Budget includes funding for legal and consulting costs associated with review and preparation of Shoreline project documents which are the responsibility of the City.

Attachment(s) to Resolution

- First Amendment to Exclusive Negotiating Rights Agreement

PREPARED BY: Katie Bowman, Economic Development Manager, Community Development Department



City of San Leandro

Meeting Date: April 16, 2018

Resolution - Council

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FROM: Jeff Kay
Interim City Manager

BY: Tom Liao
Acting Community Development Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: Resolution Approving the First Amendment to the Exclusive Negotiating Rights Agreement by and between Cal-Coast Companies LLC and the City of San Leandro Relating to Development of the San Leandro Marina-Shoreline Project

WHEREAS, the City and Cal-Coast Companies LLC (the "Developer") entered into that certain Exclusive Negotiating Rights Agreement dated April 2, 2012 (the "Agreement") in order to negotiate terms and conditions governing the development of the Marina-Shoreline Project (the "Project"); and

WHEREAS, City and Developer have in good faith pursued such negotiations, however the term of the Agreement is expiring and City and Developer desire to extend the term of the Agreement; and

WHEREAS, staff has prepared a First Amendment to the Agreement (the "First Amendment"), a copy of which is attached to this Resolution; and

WHEREAS, under the First Amendment, the term of the Agreement is extended to February 2, 2019 with one permitted extension of the Agreement for an additional four months to June 2, 2019; and

WHEREAS, the First Amendment also requires the Developer to provide design documents for the proposed golf course development by a specified date; and

WHEREAS, the City Council is familiar with the contents of the First Amendment; and

WHEREAS, the City Manager has recommended approval of the First Amendment.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

1. That the above recitals are true and incorporated herein by this reference.
2. That the First Amendment is hereby approved by this City Council.
3. That the City Manager and his designees are authorized and directed to execute the First Amendment and take all actions necessary to implement the First Amendment and this Resolution.

**FIRST AMENDMENT TO
EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT**

THIS FIRST AMENDMENT to Exclusive Negotiating Rights Agreement (this “**Amendment**”) is entered into as of April 2, 2018, by and between City of San Leandro, a California charter city (the “**City**”) and Cal-Coast Companies LLC, a Delaware limited liability company (“**Developer**”), and amends that certain Exclusive Negotiating Rights Agreement dated April 2, 2012 (the “**Agreement**”) by and between the City and Developer. Developer and City are collectively referred to herein as the “**Parties.**” Capitalized terms used without definition herein have the meaning ascribed to such terms in the Agreement.

RECITALS

A. The City and Developer entered into the Agreement in order to negotiate terms and conditions governing the development of the Marina-Shoreline Project (the “**Project**”), and the Parties have in good faith pursued such negotiations.

B. Pursuant to the Agreement, Developer has requested, and the City has agreed, to two eighteen month extensions of time for performance, with an expiration date of the Agreement of April 2, 2018.

C. Based on negotiations, staff input and the CEQA analysis that was certified on July 20, 2015, the scope of the Project has evolved and changed to better meet the needs of the citizens of the City.

D. The City and Developer desire to enter into this Amendment to (i) provide for further extensions of the time for performance under the Agreement, (ii) to reflect a more accurate description of the Project, and (iii) to effect a re-design of the nine hole golf course related to the Project.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Section 1. Section 3 of the Agreement is hereby replaced in its entirety as follows:

3. Term. The Parties hereby acknowledge that the term of the Agreement (“**Term**”) has been extended twice and expires on April 2, 2018. Pursuant to the Amendment dated April 2, 2018, the Term is extended for a period of up to ten months to February 2, 2019. Developer will be permitted one additional extension of up to four additional months to June 2, 2019 upon the mutual written agreement of Developer and City acting through and in the discretion of its City Manager.

Section 2. Section 6 of the Agreement is hereby amended as follows (strikethrough is deletion and underline is addition):

6. Description of the Project. The Conceptual Master Plan, attached hereto as Exhibit B, describes the following elements which would be developed in phases as detailed below:

~~Phase 1~~

- ~~200-225 room conference hotel with outdoor space and an approximately 5,000 square foot restaurant a 15,000–20,000 square foot conference center, outdoor pool and spa;~~
- An approximately ~~6,000~~ 7,500 square foot quality full-service restaurant with second floor banquet facility;
- Market/Café/Bait Shop;
- ~~An approximately 4,000 square foot full-serve restaurant;~~
- ~~Between 50,000 and 250,000 square feet of office with ground floor retail along Monarch Bay Drive and a Parking Structure;~~
- Approximately 285 multi-family residential rental units ~~Up to 46 two–three story residential units with a ground floor commercial component along Monarch Bay Drive;~~
- ~~Up to a total of 215 16 two and three story townhomes along the 9-hole golf course;~~
- ~~36 multi-family rental units on Fairway Drive and Aurora;~~
- ~~Library/Community Building;~~
- Nine hole executive golf course re-design and re-construction;
- Approximately 18.6 acre Monarch Bay Park.

~~The residential units in phase 1 must be started along with the demolition, grading, site work and infrastructure improvements for the other phase 1 improvements. Grading and building permits will be issued concurrently for the entire first phase.~~

~~The library/community building would be constructed in conjunction with the 46 residential units on Monarch Bay Drive and the 16 residential units along the golf course.~~

~~The majority of the infrastructure improvements related to the applicable phase of the Project, including roads, lighting, landscaping, pedestrian pathways, would be completed prior to the issuance of a certificate of occupancy for residential units in the phase. The City may require Developer to execute an Improvement Agreement addressing completion of infrastructure related to future phases of the Project.~~

~~Phase 2~~

- ~~A Café/boat rental facility (8,000 sf) on the former Boatworks site;~~
- ~~Up to a Project total of 250,000 square feet of Office and a Parking Structure~~
- ~~Up to 70 Homes on Fairway Drive~~
 - ~~Up to 42 Two Story Single Family Detached Homes~~
 - ~~Up to 28 Townhomes~~
 - ~~Associated infrastructure~~

~~Phase 3~~

- ~~A mixed use Office/Retail Building (40,000 sf)~~

- ~~The balance of the 250,000 square feet of office~~
- ~~Associated infrastructure~~

The Parties acknowledge that on July 20, 2015 the City Council of the City approved a General Plan Amendment, Zone Change and certified the project EIR for the Project. The Parties have agreed to enter into exclusive negotiations pertaining to the City's disposition of a portion of the executive golf course land for housing. Development of the Site for the Project will require the grant of discretionary land use entitlements subject to the City's normal review and approval process, that the Project must comply with CEQA, and that nothing in this Agreement is intended to or shall be interpreted as the grant of any approvals for development of the Project or the Site, or the modification or waiver of any City procedures or requirements. The Parties acknowledge that nothing in this Agreement shall be deemed a commitment by the City to enter into an agreement for conveyance of any interest in the Site or for the development of the Project. In addition, the Parties acknowledge that the final form of any agreement governing the leasing and development of the Site may contain matters not covered in this Agreement, and the provisions herein are not intended to exclude or preclude any other issues that may arise during negotiations.

Section 3. Exhibit C. Section 6.1 of the Agreement is hereby deleted in its entirety, including Exhibit C attached to the Agreement.

Section 4. Golf Course Redesign. As a condition to this Amendment, Developer hereby agrees to prepare a redesign of the nine hole golf course, and a construction budget for the redesigned golf course, in sufficient detail to be used for public outreach and input, by no later than the July 1, 2018.

Section 5. Conceptual Master Plan. Exhibit B to the Agreement is hereby replaced in its entirety by Exhibit B-1, attached hereto and incorporated into the Amendment and into the Agreement by this reference.

Section 6. Timeline. Exhibit D to the Agreement is hereby replaced in its entirety by Exhibit D-1, attached hereto and incorporated into this Amendment and into the Agreement by this reference.

Section 7. Severability. If any term of this Amendment is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the City or Developer are materially altered or abridged by such invalidation, voiding or unenforceability.

Section 8. No Modification or Waiver. Except as otherwise expressly set forth herein, all other terms and conditions of the Agreement remain in full force and effect.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

THE CITY OF SAN LEANDRO,
a California charter city

By: _____
Jeff Kay, Interim City Manager

ATTEST:

By: _____
Tamika Greenwood, City Clerk

APPROVED AS TO FORM:

By: _____
Richard Pio Roda, City Attorney

DEVELOPER:

CAL-COAST COMPANIES LLC
a Delaware limited liability company

By: _____
Edward J. Miller

Title: Manager and Sole Member

EXHIBIT D - 1
Shoreline Development Tasks and Developer Milestones

Task	
EIR Addendum	May 2018
Development Agreement, and associated documents, including but not limited to, Ground Leases, Purchase & Sale Agreement for Excess Golf Course Land	
- Lease Negotiations, Market & Feasibility Studies	On-going
- Appraisal Parameters Est. between Developer & City	April –May 2018
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