



City of San Leandro

Meeting Date: June 3, 2019

Staff Report

File Number: 19-291

Agenda Section: ACTION ITEMS

Agenda Number: 10.C.

TO: City Council

FROM: Jeff Kay
City Manager

BY: Tom Liao
Community Development Director

FINANCE REVIEW: Not Applicable

TITLE: Staff Report for a Resolution Approving the Second 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 Second 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

The Shoreline Development is a comprehensive master plan for the northern portion of the San Leandro Shoreline, which will implement a vision to create a regional destination that connects the community with the Bay and provides enhanced recreational and community amenities. The proposal includes a 200-220 room hotel, as two restaurants, a banquet facility, a 285 unit apartment complex, a small market, and up to 215 single family residences and town houses. Construction of a new park is proposed to include a pedestrian promenade, expanded Bay Trail path and bike lanes, a boat launch area, and opportunities for public art and environmental education. Construction of a new 2,500 square foot Mulford-Marina Branch Library is also planned as a part of the project.

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. On April 2, 2018, a First Amendment to the ENRA was approved, which extended the term for an additional 14 months, to June 2, 2019.

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 public input, negotiations, staff analysis, Bay Conservation and Development Commission (BCDC) review, and CEQA environmental analysis to date, the scope of the project has evolved and changed to better meet the needs of the community.

During the course of the negotiating agreement, 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 San Francisco 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 basin decommissioning and redevelopment, and Marina Boulevard streetscape

Since the granting of the First Extension of the ENRA on April 2, 2018, the following actions have been taken, with documents undergoing multiple rounds of drafts and discussions between the City and Cal-Coast:

- Appraisal to obtain the market value of a portion of the executive (9-hole) golf course land for proposed sale for the development of housing
- Draft Development Agreement
- Draft Purchase and Sale Agreement
- Draft Lease Documents, which will be utilized for the Hotel, Multifamily Housing, Restaurant, and Market elements
- Draft Golf Course Design
- Feedback regarding proposed Park plan from City staff, meetings with BCDC to establish approval process going forward
- Pre-application meeting with City staff to review zoning entitlements process and applicable development regulations
- Initiation of process for Zoning Applications, including General Plan Map Amendment and Zoning Map Amendment
- Initiation of process for EIR Addendum

Analysis

In order to allow for completion of final agreement documents and associated zoning and CEQA approvals, an amendment to the ENRA is required at this time. The amendment incorporates a

change to the term length of the agreement and an update to the timeline. As the project is large and complex with input required from various different parties, including the developer, numerous city staff, and outside agencies, setting an exact timeline is difficult. All parties have been working diligently over the past year to develop complex documents that address business, legal, and practical matters necessary to ensure the best possible project for the community. The dates included in the timeline are targets that the group is working towards, but may not be exact.

- Extension of the term of the agreement for up to six additional months to December 3, 2019
- Update of the project timeline, to include the following *targeted* dates:
 - Updated Zoning Applications - Planning Fall 2019
 - Including General Plan and Zoning Map Amendments
 - EIR Addendum - Fall 2019
 - Development Agreement (DA), and associated documents, including Ground Leases and Purchase and Sale Agreement
 - Land Lease Negotiations Market & Feasibility Studies ongoing
 - Appraisal Parameters Established complete
 - Appraisal of Excess Golf Course Land complete
 - Golf Course & Park Design and Cost Estimates ongoing
 - Development Agreement Substantially Complete July 2019
 - Purchase & Sale Agreement Substantially Complete July 2019
 - Lease Agreements Substantially Complete July 2019
 - Scope of Development & Schedule of Performance August 2019
 - Public Improvement Agreement August 2019
 - Development Agmt. & Associated Documents Approval. Oct. 2019
 - Zoning Applications - Development
 - May include Planned Development, Conditional Use Permits, Site Plan Review, and Variances, as applicable
 - Community Meetings As needed
 - Park Design & Infrastructure Planning Fall 2019
 - Designs Submitted (Design Development) Fall 2019
 - Planning Commission & City Council Work Session If needed
 - Planning Commission & City Council Public Hearing Winter 2020
 - Permitting
 - Meeting with Agencies On-going
 - BCDC Design Review Board Approval Following DA Approval
 - BCDC Application Approved Following Entitlements
 - Construction Drawings Submitted (Grading) Winter 2020
 - Ground Break/Demo & Grading Spring 2020
 - Construction Summer 2020

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 ENA 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 ENA 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 Addendum 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 2018-19 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.

ATTACHMENTS

Attachment(s) to Staff Report

- None

Attachment(s) to Resolution

- Second Amendment to Exclusive Negotiating Rights Agreement

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



City of San Leandro

Meeting Date: June 3, 2019

Resolution - Council

File Number: 19-292

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TO: City Council

FROM: Jeff Kay
City Manager

BY: Tom Liao
Community Development Director

FINANCE REVIEW: Not Applicable

TITLE: RESOLUTION of the City of San Leandro City Council Resolution to Approve the Second 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 Shoreline Project

WHEREAS, a Second Amendment to the Exclusive Negotiating Rights Agreement between the City of San Leandro and Cal-Coast Companies LLC, a copy of which is attached hereto, is presented to this City Council; and

WHEREAS, the City Council is familiar with the contents thereof; and

WHEREAS, the City Manager recommends approval of said agreement.

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

That said agreement is hereby approved and execution by the City Manager is hereby authorized.

SECOND AMENDMENT TO EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT

THIS SECOND AMENDMENT to Exclusive Negotiating Rights Agreement (this “**Amendment**”) is entered into as of June 3, 2019, by and between City of San Leandro, a California charter city (the “**City**”), and Cal-Coast Companies LLC, Inc., a Delaware corporation doing business in California as Cal Coast Developer, Inc. (“**Developer**”), and amends that certain Exclusive Negotiating Rights Agreement dated April 2, 2012 by and between the City and Developer, as amended by that certain First Amendment to Exclusive Negotiating Rights Agreement dated April 2, 2018 (as amended, the “**Agreement**”). 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. Over the course of the past year, City staff and Developer have been diligently working together on the preparation of a proposed Development Agreement and land conveyance agreements, the appraisal of Project land, obtaining the review and evaluation of the Project from City staff and other public agencies, and other actions necessary to further the development of the Project.

C. The City and Developer desire to enter into this Amendment to provide for a further extension of the time for performance under the Agreement,

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 term of the Agreement (“**Term**”) shall commence on the Effective Date, and shall terminate on December 3, 2019. Any extension of the Term shall require the mutual approval of the Developer and the City Council.

Section 2. Timeline. Exhibit D to the Agreement is hereby replaced in its entirety by Exhibit D-2, attached hereto and incorporated into this Amendment and into the Agreement by this reference.

Section 3. 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, City Manager

ATTEST:

By: _____
Leticia I. Miguel, City Clerk

APPROVED AS TO FORM:

By: _____
Richard Pio Roda, City Attorney

DEVELOPER:

CAL-COAST COMPANIES LLC, INC.,
a Delaware limited liability company doing
business in California as Cal Coast Developer, Inc.

By: _____
Edward J. Miller
Title: Manager and Sole Member

EXHIBIT D-2

SHORELINE DEVELOPMENT TASKS AND DEVELOPER MILESTONES

TARGETED DATES

Task	
Updated Zoning Applications – Planning	Fall 2019
- Includes General Plan and Zoning Amendments	
Updated CEQA - EIR Addendum	Fall 2019
Development Agreement, and associated documents, including but not limited to, Ground Leases, Purchase & Sale Agreement for Excess Golf Course Land	
- Land Lease Negotiations, Market & Feasibility Studies	ongoing
- Appraisal Parameters Est. between Developer & City	complete
- Appraisal Excess Golf Course Land	complete
- Golf Course & Park Design and Cost Estimates	complete
- Development Agreement Substantially Complete	July 2019
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- Planning Commission & City Council Work Session	If needed
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