



Legislation Text

File #: 10-0547, **Version:** 1

Recommendation to authorize the modification of land at the Public Service Yard to be included in the real estate exchange approved by City Council on August 4, 2009. (Districts 1,3)

On August 4, 2009, City Council authorized the City Manager to enter and consummate a real estate exchange of approximately 13.4 acres of City-owned land for approximately 37.77 acres of wetlands property owned by LCW Partners, LLC. The wetlands property included 33.77 acres south of 2nd Street and four acres north of 2nd Street. Prior to opening escrow, an issue was raised regarding the requirement for a Coastal Development Permit, triggered by the City's acquisition of the four-acre parcel north of 2nd Street, which is not currently a legal parcel. A modified effort to instead accept a conservation easement over this same area was also met with resistance.

After discussion with representatives of the Coastal Commission, staff determined that the most expedient pathway to a successful transaction was to identify other legal wetlands parcels to include in the real estate exchange. Staff identified two parcels north of 2nd Street, identified as Assessor Parcel Numbers 7237-017-010 and 7237-017011 and presented these parcels to the City Council in closed session on April 20, 2010 as potential exchange candidates. Staff was directed to proceed with the inclusion of these parcels in the real estate exchange. Further due diligence with the title company revealed that, while Assessor Parcels are typically synonymous with legal parcels, in this instance they are not. Staff has not found any legal parcels north of 2nd Street that would be viable exchange candidates.

As a result, and in order to maintain an approximate 3: 1 ratio in the exchange, staff now proposes to reduce the amount of land at the Public Service Yard to be exchanged for the 33.77 acres of wetlands south of 2nd Street. Staff proposes to remove approximately 2.7 acres from the northerly portion of the Public Service Yard from the exchange, as depicted on Exhibit A. This will reduce the City-owned land in the exchange to approximately 11 acres. The majority of the Public Service Bureau will remain on site, on City-owned property, with the remainder to be co-located at the Gas & Oil property. This will serve to eliminate the need to leaseback the property beyond the 6-month free rent period. The Gas & Oil Department will continue to provide the funding needed to co-locate the remaining portion of Public Service Bureau; however, as the co-location needs will be minimized, the funding need will be significantly reduced.

The parties are currently in escrow and anticipate closing escrow by the end of May 2010.

A Categorical Exemption, CE 10-09, has been issued in connection with this proposed transaction in accordance with the provisions of the California Environmental Quality Act.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on May 5, 2010 and Budget and Performance Management Bureau Manager David Wodynski on May 6, 2010.

City Council authorization is requested on May 18, 2010, in order to proceed with the exchange in a

timely manner.

The recommended modification will void the anticipated \$209,088 per year in lease costs for the Public Service Yard. In addition, the cost related to relocation and colocation of the Public Service Bureau will be greatly reduced. Actual savings will not be known until final plans are developed. There is no impact on local jobs by this action.

Approve recommendation.

Michael P. Conway
Director of Public Works

NAME
TITLE

APPROVED:

PATRICK H. WEST
CITY MANAGER