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Title: Staff Report for Resolution Authorizing the City Manager to Execute a Purchase and Sale Agreement with BAU Bay Area Urban Development, LLC., for Sale of Successor Agency-owned property at 2101 Marina Boulevard (APN 079A-0568-005-00)

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Attachments: 1. Proposal by BAU Bay Area Urban Development, LLC.

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Staff Report for Resolution Authorizing the City Manager to Execute a Purchase and Sale Agreement with BAU Bay Area Urban Development, LLC., for Sale of Successor Agency-owned property at 2101 Marina Boulevard (APN 079A-0568-005-00)

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council serving in its capacity as the Board of Directors of the Successor Agency to the Redevelopment Agency of the City of San Leandro (Successor Agency) approve the Resolution authorizing the City Manager, acting as the Executive Director of the Successor Agency, to execute a Purchase and Sale Agreement with BAU Bay Area Urban Development, LLC. for sale of Successor Agency-owned property at 2101 Marina Boulevard, former Fire Station #11, in keeping with the Successor Agency’s Long Range Property Management Plan.

BACKGROUND

In 2003, San Leandro Fire Station #11 was relocated from 2101 Marina Boulevard to a new location on Williams Street; the Marina Boulevard property became surplus property. The parcel at 2101 Marina Boulevard is a 0.35 acre property located in a district that includes commercial, industrial, and residential uses. The parcel was conveyed from the City of San Leandro to the former Redevelopment Agency in 2003 to carry out the Redevelopment Plan for the West San Leandro-MacArthur Boulevard Redevelopment Project Area. The site contains a one-story, 4,049 square foot concrete-block building and includes a rear fenced and paved yard that accommodates approximately 30 off-street parking spaces.

The property at 2101 Marina Boulevard is among 22 properties owned by the Redevelopment Agency of the City of San Leandro (“Redevelopment Agency”) when it was dissolved on February 1, 2012 (as required by ABx1 26, amended by AB 1484 and SB 107, together, the “Dissolution Law”). Pursuant to the Dissolution Law, ownership of these properties transferred to the Successor Agency

of the Redevelopment Agency of the City of San Leandro (“Successor Agency”). The City of San Leandro serves as the Successor Agency, with the City Council acting as the Board of Directors and representatives of various local taxing entities acting as the Oversight Board of the Successor Agency.

The Successor Agency is now responsible for disposition of properties owned by the former Redevelopment Agency. On December 30, 2015, the California Department of Finance approved the Successor Agency’s Long Range Property Management Plan, which establishes a plan for transferring or selling the real property assets that were owned by the former Redevelopment Agency.

Analysis

In accordance with the Long Range Property Management Plan, on November 28, 2016, the Successor Agency released a Request for Proposals (RFP) for purchase and development of the property at 2101 Marina Boulevard. The RFP included information about the City’s vision for development, zoning and other regulations, submittal requirements, and selection criteria. Respondents were required to submit detailed proposals for development of the site, as well as information about their development team and project timeline.

The RFP was widely marketed to developers and architects via the City’s website, San Leandro Next, online commercial realty sites including Oppsites, CoStar, Loopnet and the International Council of Shopping Centers. Staff worked with Larry Bell, a Vice President at Transwestern, who was the listing agent and broker for the property; Mr. Bell assisted in marketing the property to potential developers. Mr. Bell reached out to over 250 developers in California and City staff reached out to approximately 50 others. The goal of the process was to ensure that a large number of qualified developers were aware of this opportunity.

Three responses to the RFP were received by the February 28, 2017 deadline. City staff and the listing agent held interviews with all three respondents to obtain more information about their proposal for the site and development expertise. The three responses proposed various commercial uses for the site, one of which was not permitted in the Commercial Neighborhood (CN)-Neighborhood Commercial Zoning District in which the property is located. Proposals were evaluated based upon the following selection criteria:

- Proposed vision and design that works towards the goals and policies of the City
- Quality of development team and its experience
- Proposed Price
- Financial ability to fund development
- Incorporation of sustainable design

Developer Selection

After a careful review of the offers, interviews, and direction from the City Council and the Successor Agency Oversight Board, BAU Bay Area Urban Development, LLC. (BAU) was found to provide a proposal that best meets the selection criteria and goals for the site. BAU is an experienced real estate development firm focused on infill development and public-private partnerships in the Bay Area.

BAU proposes to renovate the existing fire station building to create an artists' space, which would include private and common studio space, an open gallery area, a rear sculpture garden, and onsite parking. Artists' studios are permitted in the CN-Neighborhood Commercial District with a Conditional Use Permit.

Staff recommends approval of BAU's proposal for the following reasons:

- BAU's proposal is in line with the City's Next Generation Workplace District goals, which aim to 'humanize' the industrial area, provide amenities for workers, and encourage more active use of spaces for advanced manufacturing and other innovative uses.
- BAU's proposal for a creative workspace has the potential to create a destination for arts in west San Leandro and meets a need that has been identified by the San Leandro arts community.
- BAU's team has a strong track record completing a number of challenging projects in the East Bay, including former Redevelopment Agency properties in neighboring communities.
- The architect has experience in rehabilitating existing buildings and has begun to evaluate the existing building to help address any challenges ahead.
- BAU's proposal is well suited to the block along Marina Boulevard where the property is located, which includes an eclectic mix of uses and building types at the intersection of industrial and residential uses.
- BAU offers a price that is competitive based upon other viable offers received and comparable sales values in the area.

Terms of Purchase and Sale Agreement

Staff prepared a Purchase and Sale Agreement based upon the following key terms:

Purchase Price:	\$513,000
Deposit:	\$20,000, refundable only until the close of due diligence
Due Diligence:	90 days for buyer to investigate property details
Close of Escrow:	60 days following end of due diligence to complete sale
Extensions:	No extension periods
As Is:	A requirement that the property will be conveyed by Seller to Buyer in an "As Is" condition, with no warranty as to the physical condition including, but not limited to, the soil, its geology, or the presence of hazardous materials.

Next Steps

The attached Resolution authorizes the City Manager, acting as the Executive Director of the Successor Agency, to execute a Purchase and Sale Agreement with BAU Bay Area Urban Development, LLC. for sale of Successor Agency-owned property at 2101 Marina Boulevard, former Fire Station #11, in keeping with the Successor Agency's Long Range Property Management Plan.

Following the execution of the agreement, BAU will begin its due diligence process, during which it will perform additional investigation into the property and further planning for the redevelopment.

This will include preparation of an application for a Conditional Use Permit for the proposed artists' studio use, which will provide detailed plans for renovation of the site, including exterior building and landscaping details, as well as further details on the proposed use. The Conditional Use Permit process includes a public hearing before the Board of Zoning Adjustments during which time the proposal will be thoroughly vetted. Conditions of approval will likely be added to address potential concerns regarding uses.

Previous Actions

- On November 2, 2015, the Successor Agency approved the Long Range Property Management Plan, establishing a plan for transferring or selling the real property assets that were owned by the Redevelopment Agency.
- On December 24, 2015, the Oversight Board to the Successor Agency approved a Resolution confirming the obligation of the Successor Agency to the City of San Leandro to deliver proceeds from future disposition of the property at 2101 Marina Boulevard to the City of San Leandro and making a finding that the agreement was made for legitimate redevelopment purposes.

Environmental Review

The requirement for environmental review will be determined as part of the entitlement process as plans for the site are further developed.

Legal Analysis

The Purchase and Sale Agreement with BAU Bay Area Urban Development, LLC was reviewed by the City Attorney and approved as to form.

Fiscal Impacts

The sale of 2101 Marina Boulevard will result in new, unrestricted revenue to the City's General Fund when the transaction is complete. Per the 2003 Conveyance Agreement, which transferred the property from the City of San Leandro to the Redevelopment Agency, "when the Agency disposes of the Property to another party, any and all funds the Agency derives from such disposition of the Property shall be paid to the City." The estimated revenue to the City of San Leandro is expected to be approximately \$513,000, less a broker's commission and applicable closing costs.

ATTACHMENTS

Attachment to Staff Report

- Proposal by BAU Bay Area Urban Development, LLC. for purchase and development of the former Fire Station #11 at 2101 Marina Boulevard.

Attachment to Resolution

- Purchase and Sale Agreement with BAU Bay Area Urban Development, LLC.

PREPARED BY: Katie Bowman, Economic Development Manager, and Mariana Garcia, Economic Development Specialist, Community Development Department