

## Legislation Text

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File #: #19-298, Version: 1

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**PREPARED BY:** CHARLES CHING

**DATE OF MEETING:** 07/01/19

**SUBJECT:**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO APPROVING AND AUTHORIZING THE EXECUTION OF AN EXCLUSIVE NEGOTIATIONS AGREEMENT WITH BROOKFIELD BAY AREA HOLDINGS, LLC, FOR NEGOTIATION OF A DISPOSITION AND DEVELOPMENT AGREEMENT PERTAINING TO THE FORMER EL PORTAL ELEMENTARY SCHOOL SITE (2600 MORAGA ROAD, SAN PABLO)

**CITY MANAGER RECOMMENDATION**

Adopt Resolution

**COMPLIANCE STATEMENTS**

Expand Housing Options is a major policy goal under the FY 2019-21 City Council Priority Workplan, effective March 1, 2019.

**CEQA Compliance Statement**

This is not a project requiring environmental review pursuant to the California Environmental Quality Act (CEQA).

**BACKGROUND**

The City of San Pablo (the "City") owns the real property formerly occupied by the El Portal Elementary School at 2600 Moraga Road (the "Site"). A portion of the Site is currently occupied by a fenced soccer field and the City desires to have that portion of the Site (the "Park Parcel") more fully developed as a park that would include an adult-sized soccer field, a tot lot play area, a picnic area, restrooms, lighting, parking and landscaping (the "Park Project").

Brookfield Bay Area Holdings, LLC, (the "Developer") has expressed a desire to purchase approximately five acres of the Site (the "Development Parcel") for development of a single family residential project (the "Residential Project"), and to build the Park Project for the City, along with certain other considerations, as the purchase price for the Development Parcel.

A proposed Exclusive Negotiations Agreement (the "ENA") has been prepared for execution by the City and the Developer that would establish a timeframe and the parameters for the negotiation of a Disposition and Development Agreement ("DDA") between the City and the Developer providing for the sale of the Development Parcel to the Developer and the development by the Developer of the Park Project and the Residential Project.

The proposed ENA provides for a Negotiation Period of 105 days that can be mutually extended for an additional 75 days. During the Negotiation Period, the Developer would carry out its due diligence activities, including determining the physical, economic and financial feasibility of the Park Project

and the Residential Project and review of title matters. The “Feasibility Period” would be 75 days from the date of the ENA.

The Developer would deposit with an escrow agent the sum of \$50,000 initially and an additional \$50,000 at the completion of the Feasibility Period. The \$100,000 deposit would be fully refundable upon a termination of the ENA, but would be carried forward to serve as the deposit under the DDA if one is executed.

Other terms that would be a basis for DDA negotiations include the following:

- City participation in the profit from the Residential Project as part of the consideration for the Development Parcel;
- Developer demolition of the existing buildings on the Site within 180 days after the Feasibility Period;
- Completion of the Park Project within 12 months after the close of escrow for the Developer’s acquisition of the Development Parcel; and
- Escrow closing for the Developer’s acquisition of the Development Parcel to follow entitlements, but not to be later than 12 months after the effective date of the DDA, with exceptions due to litigation or other matters beyond the reasonable control of the Developer, and subject to a unilateral extension for six months by the Developer upon payment of an extension fee of \$100,000 to the City.

The proposed ENA expressly provides that it does not commit the City to any disposition of the Development Parcel or any portion of the Site and that it is merely an agreement to conduct a period of exclusive negotiations in accordance with the terms thereof. Any negotiated DDA is subject to the approval of the City Council, and full discretion is reserved to the City Council in connection with that approval.

### **FISCAL IMPACT**

There is no fiscal impact to the City from approving and executing the ENA other than staff time involved in the work. Significant benefits could accrue to the City should the project get approval.