



Agenda Report

18-888

Agenda Date: 6/26/2018

REPORT TO COUNCIL

SUBJECT

Various Actions on a Purchase and Sale Agreement and Other Documents as Necessary Related to the Sale of the North-South Parking Parcel located at 4911 Great America Parkway [APN: 104-43-051] (City Council and Successor Agency to the Redevelopment Agency of the City of Santa Clara)

BACKGROUND

On May 22, 2018, the City Council authorized the City Manager to make an offer to purchase the Successor Agency-owned North South Parcel and further authorized the execution of a Purchase and Sale Agreement for the property.

The North South Parcel (Property) is a 9.4-acre parcel currently used as a portion of the surface parking for Great America Theme Park and Levi's Stadium. The Property is encumbered by a Lease, Parking Agreement and Parking Easement (Existing Agreements) with Cedar Fair, Forty Niners SC Stadium Company (StadCo), Santa Clara Stadium Authority, and the City of Santa Clara (collectively "Parking Parties"). The Existing Agreements provide that the Property be available for use by the Parking Parties for Stadium and Great America parking through the terms of the Stadium Lease and the Great America Theme Park Lease or 2074. Per the Existing Agreements, a nominal annual income (i.e., less than \$30,000 per year escalated over time) is derived from the Existing Agreements for the benefit of the Property owner.

On May 29, 2018, the Oversight Board to the Successor Agency was presented with two offers to purchase the Property. Following discussion, the Oversight Board directed the Successor Agency to return to the Oversight Board with a recommendation on a last and final disposition process. On June 8, 2018, the Oversight Board adopted a Resolution approving a bidding process together with minimum bid terms for the Property. The process required each bidder to submit a sealed bid with an executed Purchase and Sale Agreement and a \$500,000 deposit by June 21, 2018.

On June 21, 2018, the Council convened in closed session and authorized the City Manager to submit a new offer to purchase the North South Property in accordance with the Oversight Board-approved bidding requirements.

At the bid opening, the Evaluation Team of the Oversight Board determined that the City of Santa Clara met the all requirements of the bidding process and submitted the highest offer to purchase the Property in the amount of \$7,468,500.

DISCUSSION

The Purchase and Sale Agreement (Agreement) for the North South Property is attached. Key terms of the Agreement include:

Purchase Price: \$7,468,500
Deposit: A non-refundable deposit of \$500,000 to be deposited into escrow, three days following the execution of Purchase and Sale Agreement.
Contingency Period: None.
Closing: Closing to occur fifteen (15) days following the execution of the Purchase and Sale Agreement.

Approval of the recommended actions would: 1) ratify the Purchase and Sale Agreement on behalf of the City as the Buyer of the Property; 2) on behalf of the Successor Agency as the Seller, authorize the City Manager/Executive Officer to execute a Purchase and Sale Agreement with the City of Santa Clara; and 3) authorize minor modifications to the form of agreement subject to the approval of the City Attorney.

Sale of the Property is subject to the approval of the Oversight Board. A Special Meeting of the Oversight Board is scheduled for June 29, 2018 to consider approval of the transaction.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to the CEQA Guidelines section 15378(a) as it has no potential for resulting in either direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

Funds for the purchase of the property are available from the City's General Fund Land Sale Reserve.

In addition, since the Successor Agency retired all debt of the former Redevelopment Agency with the proceeds from the Gateway 2 sale in Fiscal Year 2016/17, sales proceeds not needed to pay closing costs will be distributed to the taxing entities including the City. The City receives approximately 10% of revenue distributed back from the Successor Agency.

COORDINATION

This item was coordinated with the Department of Finance and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

That the Council:

- 1) Adopt a Resolution:
 - a) Approving and ratifying the City Manager's execution of a Purchase and Sale

- Agreement with the Successor Agency to the Redevelopment Agency of the City of Santa Clara to purchase the North South Parcel property located at 4911 Great America Parkway (APN: 104-43-051) at a price of \$7,468,500 from the Land Use Reserve; and
- b) Approving and authorizing the City Manager to execute minor amendments to the Agreement as necessary in coordination with the City Attorney and all documents and corresponding budget adjustments necessary to accomplish the transfer.
- 2) Approve the use of \$7,468,500 from the Land Sale Reserve, leaving a fund balance of \$21,616,901.

Council acting as the governing body of the Successor Agency to the Redevelopment Agency of the City of Santa Clara adopt a Resolution:

- 1) Approving the sale and transfer to the City of Santa Clara the North South Parcel property located at 4911 Great America Parkway (APN: 104-43-051) at the sale price of \$7,468,500 and authorizing the City Manager/Executive Officer to execute a Purchase and Sale Agreement with the City of Santa Clara for the purchase; and
- 2) Approving and authorizing the City Manager/Executive Officer to execute minor amendments to the Agreement as necessary in coordination with the City Attorney and all documents necessary to accomplish the transfer.

Reviewed by: Ruth Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

- 1. May 22, 2018 Report to Council Authorizing the Purchase of the North South Property
- 2. June 8, 2018 Report to the Oversight Board Approving a Disposition Process for the North South Property
- 3. Resolution of the City Approving and Ratifying Purchase and Sale Agreement
- 4. Resolution of the City acting as the Successor Agency authorizing the Execution of a Purchase and Sale Agreement with the City of Santa Clara
- 5. Purchase and Sale Agreement