



Staff Report

RESOLUTION SELECTING MASTER DEVELOPER AND AUTHORIZING EXECUTION OF EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT FOR SHOREWAY PLACE

Honorable Chair and Board Members:

Summary

Approval of the attached resolution will select the Bohannon Companies ("Bohannon") to be the master developer for the Shoreway Place parcels designated in the UDA Resolution and will authorize the City Manager to enter into a Exclusive Negotiating Rights Agreement ("ENRA") with Bohannon to provide for a period of negotiations for the agreements that would lead to redevelopment of the Shoreway Place parcels.

Background

On February 12, 2008, the Agency adopted Resolution 464 designating Shoreway Place as a unified development area and instructing staff to solicit proposals for the development of the area. The parcels in that area are owned by the City, Empire Lumber and affiliates of Bohannon.

Staff subsequently solicited a request for proposals (RFP), received only one proposal in response, and on June 10, 2008, recommended that the Board select the Bohannon Companies ("Bohannon") to be the master developer for the designated parcels and enter into an Exclusive Negotiating Rights Agreement ("ENRA") with Bohannon. On July 8, 2008, the Agency adopted Resolution 474 approving re-issuance of the RFP for Shoreway Place.

The RFP was re-circulated on July 9th to include the owners of all the properties and ground operators (Motel 6 and Empire Lumber). Staff believed this action addressed the concerns raised by parties in attendance at the June 10th meeting. The deadline to respond to the RFP was August 8th and staff received no additional proposals.

As was discussed in the February 12th staff report, Bohannon's proposal was consistent with the Agency's request for proposals. The proposal contemplates development of the parcels in phases with hotel, office, parking and other restaurant and commercial uses. There could be as many as 2 hotels, with 2 focused service or 1 full service and 1 focused service hotel. Office space would total approximately 300,000 square feet. Bohannon is an experienced Bay Area developer and owns the largest portion of the land in the Shoreway Place site. The Bohannon Companies is made up of two other Bohannon entities, David D. Bohannon Organization and Bohannon Development Company.

The staff recommendation is to select Bohannon Companies as the master developer of the Shoreway Place site. If the Redevelopment Agency accepts the staff recommendation, then staff also recommends that the Agency authorize the Executive Director to enter into the ENRA with Bohannon. The ENRA would provide for a 180 day period for Agency negotiation with Bohannon of the agreements needed to accomplish redevelopment of the parcels. The Executive Director would also have authority to extend the term of the ENRA for up to an additional 180 days if sufficient progress is being made towards agreement. The ENRA will also provide for completion of certain pre-development tasks important to reaching agreement between the Agency and Bohannon.

The proposed resolution selecting the Bohannon Companies as the master developer is included with this report.

Discussion

The staff recommends selection of Bohannon to be the master developer for several reasons. First, because Bohannon already has a large land ownership within the site, the need for future acquisition of privately-owned land is minimized. If all phases of the project were to be built, the only other privately-owned fee interest that would require acquisition is the Empire Lumber property.

Second, Bohannon is an experienced Bay Area developer who has developed and owned a number of high quality projects in the Bay Area including Hillsdale Mall and over 1,500,000 square feet of office and research and development space in Menlo Park.

Third, as confirmed by analysis by the Agency's financial consultants, Keyser Marston & Associates, Bohannon has the financial experience, contacts and capacity to take the project to successful completion.

If the Redevelopment Agency selects the Bohannon Companies as the master developer, then the Agency would enter into the ENRA with Bohannon. The ENRA is an agreement that provides for exclusive negotiations for the agreements necessary to obtain redevelopment of a site. In this case, the Agency and Bohannon would negotiate for an owner participation and disposition and development agreement ("OPDDA") that would provide for Bohannon's acquisition of the City-owned property on Sem Lane and the Empire Lumber property (if the owner is willing to sell or the Agency later, in its discretion, determines to use eminent domain to acquire that property). The ENRA would also provide for redevelopment of those parcels and the parcels Bohannon already owns in a manner consistent with the Redevelopment Plan and the City's General Plan and zoning regulation. In addition, the ENRA would provide for certain pre-development tasks including preparation of conceptual plans, a preliminary time schedule and phasing plan and preliminary financial plan. As noted above, the ENRA term would be 180 days with the Executive Director having authority to grant extensions for up to an additional 180 days if progress is being made towards reaching an agreement.

General Plan/Vision Statement

Distinctive Community Character

- Its small-town ambience sets it apart as a tranquil, safe and desirable place to live.

Natural Beauty

- Our natural surroundings inspire us to play, create and contemplate.
- Our actions today preserve and enhance Belmont's beauty to make it even lovelier for our grandchildren.

Fiscal Impact

There is no fiscal impact at this time beyond staff and consultant time to negotiate and prepare the OPDDA. The OPDDA, if later approved by the Agency, may have fiscal impacts on the Agency, but selecting the Bohannon Companies and entering into the ENRA will not commit the Agency to entering into an OPDDA or to any particular terms of an OPDDA.

Public Contact.

Affected property owners and ground lessees were solicited to submit proposals. The agenda was posted.

Recommendation.

Adopt attached Resolution selecting Master Developer and Authorizing Executive Director to Execute Exclusive Negotiating Rights Agreement for Shoreway Place.

Alternatives.

1. With direction, refer matter back to staff.
2. Take no action.

Attachments.

- A. Resolution Selecting Master Developer and Authorizing Executive Director to Execute Exclusive Negotiating Rights Agreement for Shoreway Place.

Respectfully submitted,

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Finance Director

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Executive Director

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RESOLUTION NO. _____

A RESOLUTION OF THE BELMONT REDEVELOPMENT AGENCY SELECTING MASTER DEVELOPER AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT FOR THE SHOREWAY PLACE PROJECT IN THE LOS COSTANOS PROJECT AREA

WHEREAS, the City Council of the City of Belmont (the "City Council") has adopted the redevelopment plan (the "Redevelopment Plan") for the Los Costanos Redevelopment Project Area (the "Project Area") by Ordinance No. 692 on November 24, 1981, as amended by Ordinance No. 849 on September 10, 1991, Ordinance No. 887 on November 8, 1994, and Ordinance No. 1000 on May 11, 2004, and as may be further amended from time to time;

WHEREAS, the Agency is vested with responsibility pursuant to the Community Redevelopment Law (Part 1 of Division 24 of Health and Safety Code of the State of California) (the "Law") to implement the Redevelopment Plan in the Project Area as well as the responsibility for formulating and carrying out necessary redevelopment projects within the City;

WHEREAS, on February 12, 2008 the Agency passed Resolution No. 464 approving the assemblage of parcels in the Los Costanos Community Project Area, known as the Shoreway Place Project and as more particularly described in Exhibit A to the Exclusive Negotiating Rights Agreement ("ENRA") submitted to the Agency in connection with this resolution (the "Site"), to be developed by one master Bohannon Companies following the Amended and Restated Rules for Business Tenant Preference and Owner Participation in the Los Costanos Community Development Project Area (the "Rules") adopted by the Agency by Resolution No. 105 on May 28, 1991;

WHEREAS, the Agency issued a "Request for Proposals" ("RFP") in accordance with the Rules;

WHEREAS, the Agency re-issued a "Request for Proposals" ("RFP") in accordance with the Rules as a result of Resolution 474 to all affected property owners and ground lessees;

WHEREAS, the Agency received one proposal which was reviewed by Agency staff; based on that review, the Executive Director has recommended that the Agency to select David D. Bohannon Organization and Bohannon Development Company (collectively, the "Bohannon Companies") as the master developer for the Site and enter into an ENRA with Bohannon Companies;

WHEREAS, the Bohannon Companies' proposal contemplates development of the Site with hotel, office, restaurant and commercial uses as well as surface parking and parking structures to serve those uses;

WHEREAS, after review of the staff report and the proposal, the Agency Board desires to adopt the staff recommendation to select the Bohannon Companies as the master developer for the Site and authorize the execution of an ENRA with Bohannon Companies for a period of exclusive negotiations towards an Owner Participation and Disposition and Development Agreement

("OPDDA") between the Agency and Bohannon Companies providing for redevelopment of the Site or portions thereof;

WHEREAS, based on information contained in the proposal and the staff report, the Agency Board has concluded that Bohannon Companies has the requisite skill, experience and financial capacity to redevelop the Site and already are the owners of the largest portion of the Site.

NOW THEREFORE, BE IT RESOLVED that the Agency, pursuant to the Rules, hereby selects the Bohannon Companies to be the master developer for the Site, such designation to remain in effect so long as the ENRA remains in effect.

BE IT FURTHER RESOLVED that the Agency hereby authorizes the Executive Director to execute on behalf of the Agency the ENRA in substantially the form submitted to the Agency in connection with the consideration of this Resolution, subject to such minor changes as the Executive Director and Agency Counsel may approve.

BE IT FURTHER RESOLVED that the Executive Director and his designees are hereby authorized and directed to take such steps as are reasonable and necessary to performance of the Agency's obligations under the ENRA and to carry out the terms and conditions of the ENRA.

BE IT FURTHER RESOLVED that this Resolution shall take immediate effect upon adoption.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the Redevelopment Agency of the City of Belmont at a regular meeting thereof held on September 9, 2008 by the following vote:

AYES, DIRECTORS: _____

NOES, DIRECTORS: _____

ABSTAIN, DIRECTORS: _____

ABSENT, DIRECTORS: _____

Secretary, Redevelopment Agency

APPROVED:

Chair, Redevelopment Agency