

COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee Members

FROM: Jimmy L. Morales, City Manager



DATE: March 13, 2018

SUBJECT: **DISCUSSION REGARDING THE NORTH BEACH TOWN CENTER REDEVELOPMENT PROPOSAL, INVOLVING CITY-OWNED PARKING LOTS, MADE BY NORTH BEACH TOWN CENTER DEVELOPMENT, LLC, AN AFFILIATE OF PACIFIC STAR CAPITAL, LLC**

As explained more fully in the Committee Memorandum, in response to the Developer's March 7, 2018 term sheet, the City transmitted to the Developer its proposed term sheet on Friday, March 9, 2018.

On Friday, March 9, 2018, at 5:25 p.m., the Developer submitted its proposed revisions and comments.

On Monday, March 12, 2018, the City and the Developer held a conference call to discuss the Developer's most recent proposed terms. Subsequently, late afternoon on March 12, 2018, the Developer again updated his proposed term sheet, a copy of which is attached hereto as Exhibit "A." Although the Developer's most recent draft does not fully reflect all of the terms discussed with the Administration on March 12th, the Administration submits the attached draft to the Committee for its review in the interest of time, and will continue to work with the Developer to finalize the term sheet in the next few weeks.

With respect to the main policy issue of the Developer's proposed 2 hour free parking, the Administration submits that if the City Commission is amenable to 2 hour free parking for a limited term of years, then **at a minimum**, the Developer should be responsible for the operating losses at the garage for the corresponding period of time, plus payment to the City for the annual net revenue currently generated from the City parking lots. The City would provide the Developer its pro forma for the anticipated operating costs at the garage, and Developer's obligation to pay for operating losses would be based on City's current operating standards and the customary and reasonable operating costs associated therewith. The Developer indicated it would be amenable to the foregoing concept, provided the Developer does not have to make the upfront \$700,000 payment for 2 hour free parking. The Administration recommends an upfront payment be maintained (in addition to the foregoing annual contribution from the Developer). With respect to the proposed fifteen year period, the Administration requests direction from the Committee on this important policy consideration.

In addition, the Developer has scheduled a meeting with the Planning Department, which has identified concerns and inconsistencies with the City Code regarding the Developer's proposed loading area facing Byron Avenue. In this regard, Chapter 130 of the City Code requires all loading to be internalized. In order to address this Code requirement, as well as the Design Review and Conditional Use Permit Criteria, internal pathways/throughways, and internalization of all loading docks will be required and may not be workable based upon the initial first floor plan provided by the applicant.

Although this transaction is proceeding on an extremely expedited basis, and the terms are rapidly evolving, the main issues continue to be those highlighted in the Committee Memorandum.

Attachment

JLM