



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 02/11/03
AGENDA ITEM 6B
WORK SESSION ITEM _____

TO: Redevelopment Agency Board Members
FROM: Director of Community and Economic Development
SUBJECT: Execution of an Owner Participation Agreement with SRE California-2, LLC for Development of a New Honda Sales Facility

RECOMMENDATION:

It is recommended that the Redevelopment Agency Board adopt the attached resolution authorizing the Executive Director to execute an Owner Participation Agreement (OPA) with SRE California-2, LLC (Sonic), and approving the Mitigated Negative Declaration and the Mitigation Monitoring Program.

DISCUSSION:

In July 2002 the Redevelopment Agency Board authorized the execution of a 180-day Exclusive Negotiating Agreement (ENA) with Sonic Development LLC to evaluate the feasibility of their proposed new Hayward Honda car sales facility and parking lot, and to consider whether the Agency might play a role in the termination of leasehold interests and relocation of tenants. For the purpose of developing this property and entering into the OPA, Sonic has formed another limited liability company, SRE California-2, LLC. In fulfillment of the ENA, Sonic has prepared and submitted applications for a site plan review and an Administrative Use Permit.

The project proposal includes a new 9,000 square foot Honda sales facility at 24919 Mission Boulevard and a parking lot for vehicle storage on an undeveloped parcel at Fletcher Lane and Walpert Street. (See Attachment A - Map of Site) A Mitigated Negative Declaration and Mitigation Monitoring Program have been prepared for the project. Sonic currently has site control of the proposed new car sales facility. The site includes three parcels: one, which is owned by Sonic, and two, which they control through long-term ground leases. There are two existing tenants with multi-year leases on the site.

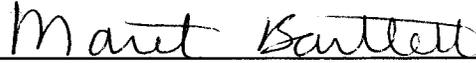
Sonic has requested that the Agency consider entering an OPA to provide assistance with the acquisition of leasehold interests and relocation of the tenants, El Grullense and Tanglewood Liquors. Sonic is in negotiations with the two remaining tenants. In the event Sonic is unable to successfully acquire the leasehold interests, it will ask the Agency to acquire the leasehold

interests. As required by law, the Agency would make fair market purchase offers to the tenants. If unsuccessful, the Agency would be asked to consider adopting a resolution of necessity to undertake eminent domain proceedings against the tenants. After obtaining possession of the property, the Agency will provide relocation assistance to the tenants, and convey the properties to Sonic.

Sonic will, per the OPA, reimburse the Agency for all Agency costs associated with undertaking this role in the project, including all professional services, all relocation costs, and all costs to acquire leasehold interests. Sonic will also pay state prevailing wage rates for all construction aspects of this project. The Agreement also includes mandatory anti-discrimination requirements, and MBE/WBE business goals.

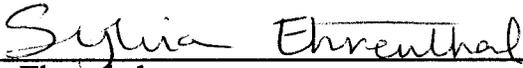
A copy of the OPA, in substantially final form, is on file in the Office of the City Clerk.

Prepared by:



Maret Bartlett
Redevelopment Director

Recommended by:



Sylvia Ehrenthal *ms*
Director of Community and
Economic Development

Approved by:



Jesús Armas, City Manager

Attachments:

A - Map of Site
Draft Resolution

ATTACHMENT A



DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA-_____

Introduced by Agency Member_____

Mue
2/5/03

RESOLUTION ADOPTING THE MITIGATED NEGATIVE DECLARATION AND MITIGATION MONITORING PROGRAM AND AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE AN OWNER PARTICIPATION AGREEMENT

WHEREAS, George Avanesian (applicant) and Sonic Automotive (owner) has, by Application No. PL-2002-0668, applied for a site plan review to raze four structures and construct a new automobile sales facility for Honda, located at 24919 Mission Boulevard at the southwest corner of Orchard Avenue and Mission Boulevard in a General Commercial-Mission Corridor Special Design (CG-SD1) Zoning District (Site A); and

WHEREAS, David Fosgate (applicant) and Michael Ahern (owner) has by Application No. PL-2002-0188, applied for reconsideration of an administrative use permit requesting use of property as a parking lot for automobile storage, located at the intersection of Fletcher Lane and Walpert Street in an Agricultural (A) Zoning District (Site B); and

WHEREAS, the Planning Commission has held a public hearing and recommended approval of the applications; and

WHEREAS, a Mitigated Negative Declaration and Mitigation Monitoring Plan has been prepared and processed pursuant to the requirements of the California Environmental Quality Act determining that the proposed project could not result in significant effects on the environment; and

NOW, THEREFORE, BE IT RESOLVED by the Agency Board of the City of Hayward that the Mitigated Negative Declaration and Mitigation Monitoring Program is hereby adopted.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed to negotiate and execute an Owner Participation Agreement (OPA) between the City of Hayward and SRE California-2, LLC (Developer) related to the development of a new Honda sales facility and parking lot for automobile storage, in a form to be approved by the General Counsel.

HAYWARD, CALIFORNIA _____, 2003

ADOPTED BY THE FOLLOWING VOTE:

AYES: AGENCY MEMBERS:
CHAIR:

NOES: AGENCY MEMBERS:

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ATTEST: _____
Secretary of the Redevelopment Agency
of the City of Hayward

APPROVED AS TO FORM:

General Counsel