



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 06/21/05
AGENDA ITEM 3
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Director of Public Works
SUBJECT: Authorization for Acquisition of Ground Lease from RPD Vagabond Associates, L.P. and Assignment of Lease to Browman Development Company

RECOMMENDATION:

It is recommended that the Council adopt the attached resolution that authorizes the acquisition of the ground lease and assigns the lease to Browman Development Company.

DISCUSSION:

In February of 2003, the City entered into an Exclusive Negotiating Agreement with Browman Development Company (Browman) for a ground lease of the City owned parcel at the southwest corner of Hesperian Blvd. and Golf Course Road. The parcel was formerly occupied by the Festival Cinema. Since that time Browman has been actively seeking a tenant in order to redevelop the parcel.

A tentative deal has now been agreed upon with Target Corporation that calls for Target to ultimately purchase the parcel from Browman after acquisition of the parcel from the City. However, in order for the agreement to be completed, the current City ground leased parcel at the northwest corner of Hesperian Blvd. and West A Street must be included in the sale. (See Exhibit A) This parcel is currently under a ground lease to RPD Vagabond Associates. The businesses on this site included the Vagabond Inn, Carrows Restaurant and JT's Gas Station.

It is planned that the Vagabond Inn and JT's gas station will ultimately be removed from the site. Carrows Restaurant will remain in operation. The developer plans to construct a new 136,000 sq. ft. Target Store, a Junior Anchor Store of 20,000 sq. ft. as well as an additional 25,000 sq. ft. of retail shops on the combined sites.

An agreement has been reached between Browman and RPD Vagabond Associates for the acquisition of the needed parcel by Browman. The first step in this process is for the City to buy out the ground lease from RPD Vagabond Associates and then simultaneously assign the ground lease to Browman. All monies required for the purchase of the ground lease by the City will be provided by Browman.

The City will also be acquiring the sublease with JT's Gas Station as part of the West A Street Construction Project that is included in the 2005/06 Capital Improvement Project. After acquisition of this sublease, it is proposed that the City terminate the ground lease with

Browman and authorize the sale of the entire 13.28 acre site to Browman for the appraised value of \$8,103,339. It is anticipated the Council will be asked to take this action later this year.

Target has submitted its development application to the City which is now in the review process. It would like to begin construction later this year with an anticipated opening in the summer of 2006. Consequently, Council is being asked to begin the necessary steps for the acquisition of the ground lease at this time.

The land use application associated with this new retail center will be considered by the Planning Commission on July 14, 2005 and by the City Council on July 26, 2005.

Prepared by:



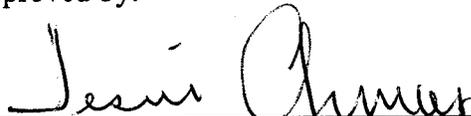
Dennis L. Butler, Director of Public Works

Recommended by:



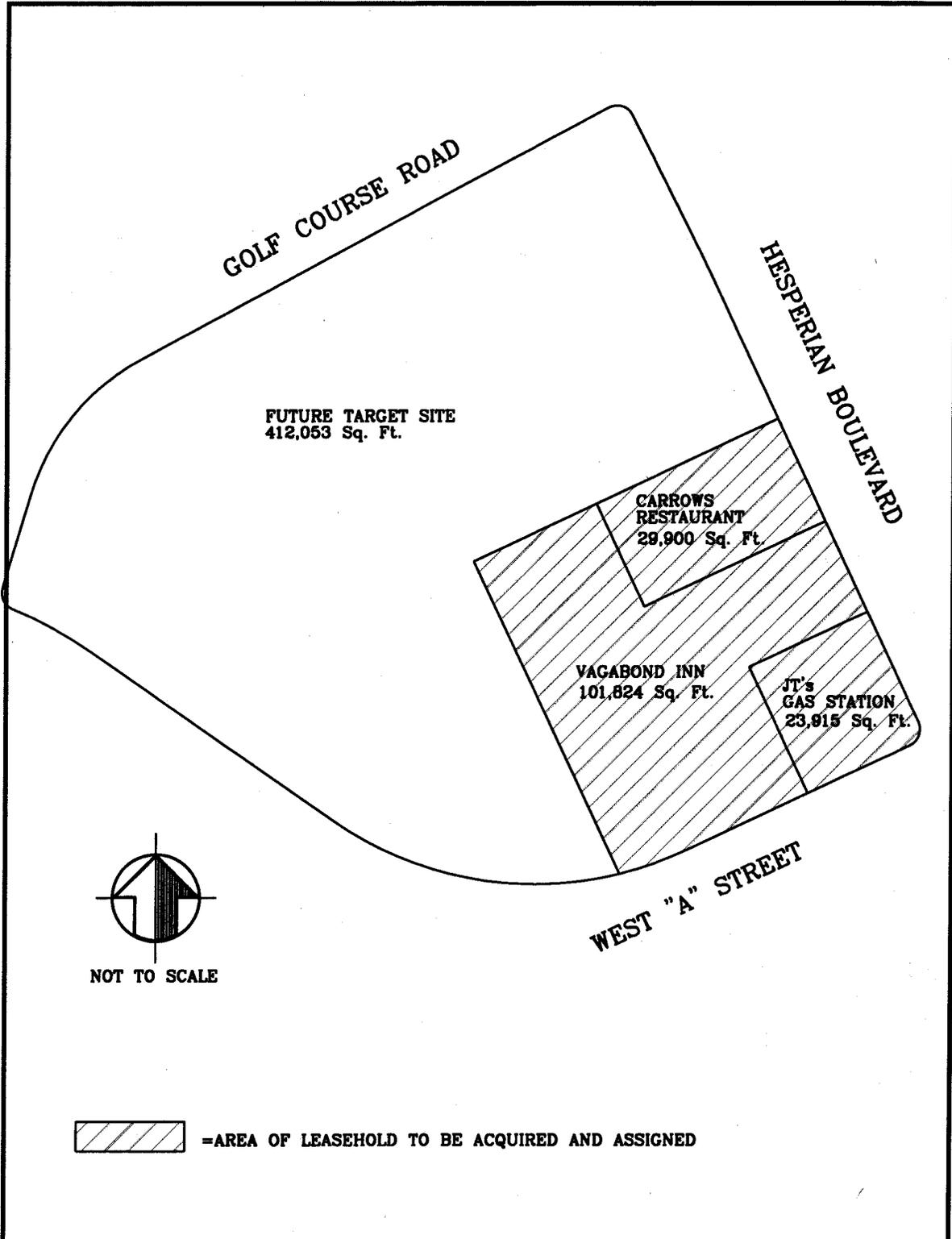
Dennis L. Butler, Director of Public Works

Approved by:



Jesús Armas, City Manager

Attachment: Exhibit A: Location Map



			CITY OF HAYWARD ENGINEERING DIVISION		DWG. NO. 05029	
			DRAWN BY: JNP	DATE: 6-14-05	EXHIBIT "A"	
			CHECKED BY: JNP	SCALE: NO SCALE		
			APPD. BY	APPROVED	FILED	
REV	DATE	BY	CITY ENGINEER	DIR. PUBLIC WORKS	SHT. 1 OF 1	

DRAFT

*WJH
4/13/05*

HAYWARD CITY COUNCIL

RESOLUTION NO. 05-

Introduced by Council Member _____

RESOLUTION AUTHORIZING THE CITY MANAGER TO
AUTHORIZE THE ACQUISITION OF THE GROUND
LEASE FROM RPD VAGABOND ASSOCIATES AND
ASSIGN THE LEASE TO BROWMAN DEVELOPMENT
COMPANY

BE IT RESOLVED by the City Council of the City of Hayward that the City
Manager is hereby authorized and directed to negotiate and execute on behalf of the City of
Hayward the acquisition of the Ground Lease and all related documents from RPD Vagabond
Associates and simultaneously assign the Ground Lease to Browman Development Company
for development of the property located at the northwest corner of Hepserian Boulevard and
West A Street.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2005

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward