

CITY COUNCIL COMMITTEE

HOUSING & ECONOMIC DEVELOPMENT

Ron Leone, Chair
Dan Helix, Committee Member

5:30 p.m., Monday, April 25, 2016

Building A, Garden Conference Room
1950 Parkside Drive, Concord

ROLL CALL

PUBLIC COMMENT PERIOD

1. **CONSIDERATION** – Recommendation for Sale/Disposition of Four Properties as Directed in the Long Range Property Management Plan. Report by John Montagh, Economic Development & Housing Manager.
3. **ADJOURNMENT**

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**REPORT TO COUNCIL COMMITTEE ON
HOUSING AND ECONOMIC DEVELOPMENT**

TO HONORABLE COMMITTEE MEMBERS:

DATE: April 25, 2016

**SUBJECT: RECOMMENDATION FOR SALE/DISPOSITION OF FOUR PROPERTIES AS
DIRECTED IN THE LONG RANGE PROPERTY MANAGEMENT PLAN**

Report in Brief

After dissolution of the Redevelopment program in 2012, the City of Concord's Successor Agency was left with a number of real properties that had been acquired through the Concord Redevelopment Agency. Pursuant to the dissolution laws, the City's Successor Agency prepared a Long Range Property Management Plan that governs the disposition and use of the former Redevelopment Agency's real property.

Four (4) former Redevelopment properties were held for future development as directed in the Long Range Property Management Plan. These properties are located within and near the downtown area as shown in Attachment 1. The four properties have the potential to achieve the City's various goals and objectives including retaining and expanding key Concord businesses and developing new mixed use and residential projects. Staff requests the Housing and Economic Development Committee to provide input and direction on the recommended processes for disposing of these key properties as outlined in this report.

Background

All Redevelopment agencies were dissolved by the State of California on February 1, 2012. The Successor Agency to the Concord Redevelopment Agency is responsible for winding down the affairs of the former Concord Redevelopment Agency (RDA). AB 1484 as amended by SB 107 (collectively, the "Dissolution Law") requires the Successor Agency to prepare a long range property management plan (LRPMP) that governs the disposition and use of the former RDA's real property.

The Successor Agency prepared, and the Successor Agency's Oversight Board and the State Department of Finance (DOF) approved, a LRPMP providing for four (4) properties to be transferred from the Successor Agency to the City of Concord for retention and future development. These four properties, shown in Attachment 1, are discussed in more detail in the subsequent sections and are referenced as follows:

- Pine Street Site (bordered by Clayton Road, Market Street and Pine Street);
- 1701 & 1711 Concord Avenue;
- Town Center II (bordered by Clayton, Concord Blvd and Galindo Street); and

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- Oak Street West (bordered by Galindo, Oak Street and Laguna Street).

Compensation Agreements

Dissolution Law requires the City to “reach a compensation agreement with the other taxing entities to provide payments in proportion to their shares of the base property tax, as determined pursuant to [Health and Safety Code] section 34188” to develop the properties, Health & Safety. Code § 34180(f)(1). Staff will bring forward a proposed plan to obtain these compensation agreements to the City Council for consideration in the near future. Once approved by the City Council, the proposed compensation plan will be forwarded to the affected taxing entities for their respective consideration.

If the net sales of these four properties are shared with the affected taxing entities “in proportion to their shares of the base property tax”, then the City would essentially receive approximately only 10 percent of the net sales proceeds for each of the four properties. While obtaining market based sale prices are important, staff believes that the one-time revenue from the sale of the properties is ultimately less important to the City than ensuring the best development and use of these properties.

Discussion

Staff requests input and direction from the Housing and Economic Development Committee (HED) on the recommended disposition process of the four properties being retained by the City for future development. These sites provide opportunity to create new projects that generate jobs, housing, revenue and new investment in the City, as well as facilitate the expansion and retention of key Concord businesses.

Staff recommends that the City dispose of the properties using three processes/methodologies: Purchase and Sale Agreement; Exclusive Negotiating Agreement, and Request for Proposals.

Staff recommends the following sale and disposition plans for the four properties:

- 1701 & 1711 Concord Avenue – a direct sale through the use of a Purchase and Sale Agreement
- Pine Street – a direct sale through the use of a Purchase and Sale Agreement
- Town Center II – an Exclusive Negotiating Agreement process; and
- Oak Street West – a Request for Proposals process.

The following provides an overview for the proposed sale and disposition plans:

1701 & 1711 Concord Avenue (*direct sale through the use of a Purchase and Sale Agreement*)

The 0.95 acre vacant property is currently zoned Downtown Mixed Use and is located adjacent to auto service-related uses to the east and west, and Mt Diablo High School to the north. The site fronts onto Concord Avenue.

The Del Grande Dealership Group (DGDG) owns & operates its Concord Mazda dealership at 1891 Market Street and its Concord Mazda service center at 1651 Concord Ave. The Mazda service center is adjacent and to the west of the 1701 Concord Avenue parcel. The Concord Mazda dealership has outgrown its location and DGDG desires to co-locate their Concord Mazda dealership on their 1651 Concord

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Avenue service center location if they are also able to acquire the 1701 & 1711 Concord Avenue parcel. The combined properties would provide the dealership with enough land to meet corporate/dealership requirements and allow the DGDG dealership to grow and keep the Concord Mazda dealership in Concord.

If they are unable to relocate they will most likely have to find another location, potentially in another community.

Staff recommends selling the property to DGDG at its appraised value to allow for the retention and expansion of Concord Mazda. Under DGDG ownership, sales have grown significantly at the Concord Mazda dealership and the need to find a suitable location is paramount for the continued success of the dealership. If the dealership can relocate to the Concord Avenue location, the City would benefit from increased sales tax, new jobs and the retention of a popular automobile line. The proposed expansion would also strengthen Concord's position as the Car Capital of Contra Costa County.

Next Steps for 1701 & 1711 Concord Avenue

Staff commissioned an appraisal for the property to determine its fair market value. Once the price has been determined, staff would draft a Purchase and Sale Agreement for consideration by the City Council. The Purchase and Sale Agreement would set forth the various conditions that must be met prior to selling the property such as completing the rezoning of the properties to allow for new car sales and receiving the required entitlements/approvals to relocate the dealership to Concord Avenue. Staff would work with DGDG to finalize details of the Purchase and Sale Agreement prior to City Council consideration.

The ultimate sale of the property would retain a significant business in Concord that generates revenue and employs approximately 35 people. The purchase price of the property would be at appraised fair market value, ensuring the affected taxing entities will receive a fair return of proceeds from the land sale.

If the HED Committee so recommends, a Purchase and Sale Agreement will be brought to City Council for their consideration. In the event a Purchase and Sale Agreement could not be negotiated between DGDG and City staff, then staff would recommend issuing a Request for Proposals (RFP) for the site. Staff would develop the RFP and bring it to HED Committee for direction.

Pine Street Property *(direct sale through the use of a Purchase and Sale Agreement)*

This 1.1 acre vacant site is bounded by Market St, Pine St. and Clayton Road and is somewhat irregularly shaped, as shown. It is located in a highly visible location off of the Clayton Road/Hwy 242 exit ramp, and is adjacent to a service station, a City-owned landscape area and a small privately-owned commercial building.

The Pine Street site is challenged with development constraints including the site's irregular shape, high voltage powerlines/tower, as well as ingress/egress issues. These site constraints narrow the range of uses that could achieve the desired outcome of developing a gateway type of building. Staff believes that a new auto dealership use has the flexibility to develop on the site successfully while achieving the City's economic development strategies for retaining and expanding a Concord business that achieve sales tax and jobs.

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As part of a transaction to use the Pine Street property for an auto dealership, staff would also propose to sell the City's 0.17 acre non-RDA property that is currently landscaped with turf. The property is located on the west side of the former RDA property and is constrained by a culvert located underground that runs through the property. As a result of the culvert, building cannot be located on this 0.17 acre site. However, it is possible that a monument sign could be located there, and the site should also be suitable for vehicle circulation or vehicle display. Staff would require an easement access to allow for needed access or maintenance of the culvert.

TDI Autogroup Inc. representatives, who own the Concord Chevy dealership on Concord Avenue, have outreached to staff as they desire to expand the Chevy dealership presence in Concord. Concord Chevy is located on a relatively small site and the dealership needs to expand to meet corporate dealership requirements. Concord Chevy, with staff's assistance, identified the Pine Street site as an opportunity for the dealership to expand its service center and new car sales. TDI Autogroup, Inc. is interested in purchasing the site and keeping/expanding the Concord Chevy dealership in Concord. The proposed expansion on the Pine Street property would construct a new car showroom/service center facility, proposed with Chevy corporate branding. This type of development would create a gateway statement on the site leading into Concord's downtown area. Concord Chevy would also continue to operate from its existing Concord Avenue location.

Next Steps for the Pine Street Property

Staff commissioned an appraisal for the Pine Street property to determine its fair market value. Once the price has been determined, staff would draft a Purchase and Sale Agreement for consideration by the City Council. The Purchase and Sale Agreement would set forth the various conditions that must be met prior to selling the property such as receiving the required entitlements/approvals to develop the showroom/service center at the site. Staff would work with TDI Autogroup, Inc. to finalize details of the Purchase and Sale Agreement prior to City Council consideration.

As noted above, as part of the Pine Street transaction, staff also recommends selling the City-owned non RDA parcel located adjacent to the former RDA site. An appraisal would need to be commissioned for this property.

If the HED Committee so recommends, a Purchase and Sale Agreement will be brought to City Council for their consideration. In the event a Purchase and Sale Agreement could not be negotiated between TDI Autogroup, Inc. and City staff, then staff would recommend issuing a Request for Proposals (RFP) for the site. Staff would develop the RFP and bring it to HED Committee for direction in May or June.

Town Center II Site (*Exclusive Negotiating Agreement process*)

Town Center II is a triangular site that is approximately 3 acres in size and is surrounded by a white picket fence. The site is bounded by Concord Blvd., Clayton Road and Galindo Street as shown in Attachment 1. The site is located in close walking distance to the Downtown Concord BART Station and surrounding amenities. Because the site is located on the in-bound/homeward direction of traffic, the site lends itself to be more of a commercial mixed use type of project than a purely multifamily residential site. The

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Downtown Mixed Use zoning on the property allows a variety of high density development including multifamily residential, office and commercial.

Staff has been approached to discuss a significant mixed use development opportunity for the Town Center II site by a development team comprised of Avalon Bay and LRG Investors. Both of these companies are well known in the development community for their expertise in developing multi-family/mixed use development (Avalon Bay) as well as retail development (LRG Investors).

Avalon Bay and LRG Investors are exploring development of a mixed use project with a 25,000-30,000 square foot grocery store as the anchor tenant along with approximately 275 multi-family residential units on the site. In discussions with staff, the development team has stated that the project is financially feasible and that the grocer has provided its initial commitment to move forward with this specific development team on this site.

Attracting a new grocery store into the downtown which is centrally located to adjacent high density residential development would be a significant catalyst project for the downtown. The grocer would provide a compelling anchor in the downtown that would meet the vision and goals of the Downtown Specific Plan.

Next Steps for Town Center II Site

If the site proves to be viable for a mixed use project with a grocer anchor, staff would recommend entering into an Exclusive Negotiating Agreement (ENA) with the developers. An ENA would set benchmarks and performance goals for the developer to achieve prior to entering into a final Purchase and Sale Agreement. Staff should know if the developer's plans are viable by end of May. An appraisal of the property to determine the fair market value was prepared. Staff anticipates bringing an ENA to the City Council sometime in June for consideration.

If the mixed use/grocer anchor proposal does not prove to be viable for this site, then staff recommends issuing an RFP to the development community to solicit development proposals. Staff would develop an RFP package which would articulate the City's vision for the site, the type of development which would be allowed by zoning and the City's Downtown Specific Plan. If, in fact, the RFP process is initiated, staff would anticipate bringing a staff report on the draft RFP to the HED Committee in June and then to the full City Council for approval subsequently.

Oak Street West Site (*Request for Proposals process*)

The site is bounded by Galindo Street, Oak Street, Mt. Diablo Street, and Laguna Street and is approximately 3.16 acres in size as shown in Attachment 1. The site is located in very close proximity to the Downtown Concord BART Station and downtown amenities. The site's zoning of Downtown Mixed Use would allow a variety of high density development types including multifamily residential, office and commercial. Staff has already received significant interest from multi-family developers for this site.

Because of the level of interest from multifamily residential developers for this site, staff recommends issuing a RFP to the development community. If supported by the HED Committee, staff would develop an RFP package which would articulate the type of development which would be allowed by zoning and

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the City's Downtown Specific Plan. Staff would then bring a draft RFP back to the HED Committee for recommendation, and, if recommended, to the City Council for consideration.

As part of the RFP, staff would also make the development community aware of the Oak Street East site and the portion of Mt. Diablo Street that is between Oak Street West and East sites as possible land to be included in a development proposal. The Oak Street East site is approximately 1 acre in size and is currently identified as the future site for the Family Justice Center. The segment of the City's Mt. Diablo Street is approximately .67 acres and could be vacated to combine the Oak Street West and East properties to create an approximately 5 acre site adjacent to the BART station. It should be noted that the Long Range Property Management Plan would allow the Oak Street East site to be sold for future development so long as the proceeds are shared with affected taxing entities.

The City could evaluate those proposals in context of how the proposals support the future operation/development of the Family Justice Center.

Next Steps for the Oak Street West Site

Staff can bringing a draft staff report on an RFP process to the HED Committee in June for recommendation and then to the full City Council for consideration, if so directed.

Public Contact

The agenda item was posted.

TDI, Inc., Del Grande Dealership Group, Avalon Bay and LRG Investors have also received notice of the meeting.

Staff Recommendation

Staff recommends that the Committee receive the report, hear public comment and providing staff with input and direction on the proposed disposition process of the properties being retained by the City for future development.



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FORMER RDA PROPERTIES

