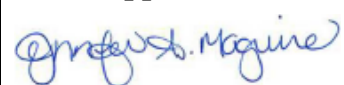


CITY COUNCIL ACTION REQUEST

Department(s): Office of Economic Development	CEQA: DOC with the FMC/Coleman Avenue EIR (SCH# 1999122059), the Airport West Stadium and Great Oaks Place Project EIR (SCH# 2009052053), the General Plan 2040 FEIR (SCH# 2009072096), the General Plan 2040 FSEIR (SCH# 2009072096), and addenda thereto.	Coordination: City Attorney's Office, City Manager's Budget Office, Public Works Department, PBCE	Dept. Approval: /s/ Kim Walesh
Council District(s): 3			CMO Approval:  6/4/20

SUBJECT: SURPLUS SALE OF THE CITY-OWNED CHAMPIONS WAY PARCEL

RECOMMENDATION:

Adopt a resolution authorizing the City Manager to negotiate and execute a Purchase and Sale Agreement and Quitclaim Deed, and all other necessary documents, between Cap Tranche 2 LLC (Buyer) and the City of San José (City), for sale of the surplus City-owned Champions Way property (APN 230-59-002), located in the City of Santa Clara, for \$1.

BASIS FOR RECOMMENDATION:

The subject property is approximately 53,749 square feet of land (APN 230-59-002) owned by the City of San José and located in the City of Santa Clara. It is part of the future right of way known as Champions Way, within the Coleman Highline development project.

In 2014, the City sold the land that would become the Coleman Highline project to a subsidiary of Hunter Storm, Cap Tranche 2 LLC. The valuation for that sale included compensation to the City for the future right of way parcels within the development area. For convenience, however, it was decided to have the City retain the future rights of way. This was to avoid the need to transfer the parcels to Hunter Storm only to then subsequently dedicate them back to the City.

The City has since dedicated as public streets the project's rights of way located within San José's city limits. The City of Santa Clara rejected dedication of the subject parcel because it does not want to take on the service obligation for an orphan road segment that requires travel through San José to access. However, San José cannot designate the subject parcel as a public right of way because it is outside the City's jurisdiction. A solution to this challenge has been identified in which the City may sell the subject parcel to Hunter Storm's subsidiary, Cap Tranche 2 LLC, for use as a private road, contiguous with the surrounding public right of ways.

On February 4, 2020, the San José City Council made a finding and determination (Resolution No. 799391) that, (i) the subject property is not needed for, nor adaptable to, municipal purposes, (ii) the subject property is not independently developable, and (iii) that the sale of the subject property will serve the public interest; and therefore designated the subject property as surplus to the needs of the City. San José Municipal Code, Section 4.20.070, authorizes the sale of surplus City-owned real property.

In compliance with California's Surplus Land Act (Cal. Gov. Code §54220 et seq.), City staff issued notice letters on January 17 and January 23, 2020, of the City's intention to declare the Champions Way property as surplus to the needs of the City. This notice went to preferred entities, including affordable housing groups, parks, and

schools, and allowed 60 days for these groups to declare their interest in acquiring the property. This notice period passed without the City receiving such a declaration. The City can now proceed with the sale to Cap Tranche 2 LLC.

The City's reserved emergency access easement will ensure that access to the roadway is perpetually available, while allowing Cap Tranche 2 LLC to construct and maintain a private roadway on the subject property. Other easements benefitting FMC Corporation will be assigned to Cap Tranche 2 LLC to allow FMC Corporation to access the site to conduct groundwater treatment and monitoring.

In consideration of the terms of the 2014 sale to Hunter Storm, and the mutual promises, terms, covenants and conditions herein set forth, Staff has concluded that the cost of the construction and maintenance of the future right of way, and the reservation of the permanent emergency vehicle access easement offset the fair market value for good and valuable consideration of the subject property.

Commission Recommendation/Input: No commission recommendation or input is associated with this action.

Climate Smart San José: The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

Conclusion: The City was previously compensated for the subject parcel in the sale of the Coleman Highline lands to Hunter Storm in 2014. The City of Santa Clara has since rejected dedication of the subject parcel as a public right of way. The City of San Jose cannot dedicate lands outside its jurisdiction as a public right of way. Therefore, to complete Champions Way and provide adequate access to the Coleman Highline development, it is necessary to sell the subject parcel to Cap Tranche 2 LLC for use as a private road.

COST AND FUNDING SOURCE:

Upon Council's approval and the sale of the subject property, a \$1 payment will be deposited into the City's General Fund.

FOR QUESTIONS CONTACT: Nanci Klein, Assistant Director of Economic Development, at (408) 535-8184

Attachments

EXHIBIT A

Aerial View of Subject Property



EXHIBIT B

Assessor's Parcel Map of Subject Property

OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA

46

BOOK 230 PAGE 59

