

RESOLUTION NO. 168-22

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND,
CALIFORNIA DECLARING REAL PROPERTY DESCRIBED AS THE
APPROXIMATELY 13.12 ACRES OF DRY LAND AND APPROXIMATELY .71
ACRES OF SUBMERGED LAND LOCATED AT 1500 DORNAN DRIVE (APN 560-420-
006, 560-420-007 and APN 560-420-010) AS EXEMPT SURPLUS LAND AND MAKING
FINDINGS RELATED THERETO**

WHEREAS, under the Surplus Land Act, Government Code Section 54220, et seq. (“Act” or “SLA”), surplus real property is defined to include “land owned in fee simple by any local agency for which the local agency's governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency's use”; and

WHEREAS, where a local agency determines that a property is exempt, it must support such determination with written findings and shall provide a copy of the findings to the California Department of Housing and Community Development (“HCD”) at least 30 days prior to the disposition; and

WHEREAS, the Act designates certain surplus property as “exempt” from the provisions of the Act. The exemptions include surplus land subject to a legally binding agreement to dispose of the property before September 30, 2019 where the disposition is completed by December 31, 2022, except where judicial exception; and

WHEREAS, the City currently owns vacant real property described as the approximately 13.88 acres of dry land and approximately .71 acres of submerged land located at 1500 Doman drive (APN 560-420-006, 560-420-007 and APN 560-420-010) (“Property”); and

WHEREAS, the Property is also known as Terminal 1, and is a historical portion of the Port of Richmond and is owned by the City of Richmond; and

WHEREAS, on July 7, 2013, in response to Richmond’s RFP, Developer submitted its proposal to acquire a portion of the Property and, after acquisition, to develop the Property. Pursuant to the Proposal, Developer proposed to acquire a roughly 11.9-acre portion of the Property (the “Residential Property”) for the development of a residential project incorporating a mix of single family detached, townhouse, and condominium units. Developer’s Proposal also includes the development of a public park on a 1.9+ portion of the Property to be retained under City ownership (the “Park Property”); and

WHEREAS, on December 3, 2013, Developer was selected through a competitive process by the City to enter into exclusive negotiations with the City over the terms and conditions under which the Developer will purchase and develop the Residential Property and develop the park improvements on the Park Property along with City-required infrastructure. Developer and City entered into an Exclusive Right to Negotiate Agreement effective December 4, 2013 (the “ERNA”) providing for a period of exclusive negotiations and setting out certain proposed terms for this Agreement. In accordance with the ERNA, Developer made a nonrefundable deposit to the City in the amount of Five Hundred Thousand Dollars (\$500,000) and entered into exclusive negotiations with the City regarding a term sheet identifying key business terms for the acquisition and development of the Residential Property and for the installation of park improvements on the Park Property; and

WHEREAS, in accordance with the requirements of the ERNA, Developer prepared and submitted for Richmond City Council (the “City Council”) review, a “Draft Master Development Plan” for the development of the Residential Property and Park Property, including conceptual renderings and a development phasing plan; and

WHEREAS, on March 25, 2014, after reviewing the Draft Master Development Plan for the Project, the City Council approved the Term Sheet setting forth the basic terms pursuant to which the Agreement was negotiated and thereafter on August 6, 2014 entered into the Land Disposition Agreement (“LDA”) consistent with the business terms; and

WHEREAS, the Developer’s investigation of the Site and real estate market conditions, including the COVID pandemic commencing in 2019, led to a re-analysis of the Project and a revised proposal in 2022 and the City’s economic consultant, Land Econ Group (“LEG”) concluded the original proposal could not economically be built considering some \$20M of difficult site conditions, but the revised project was developable; and

WHEREAS, the revised Project consists of 154 units of single-family housing, 30 units of junior accessory dwelling units, and the project will comply with the City’s inclusionary housing ordinance; and

WHEREAS, based on the forgoing, the Property is, therefore, “exempt surplus land” as defined by the Act, because the LDA was approved in August 2014, long before the September 30, 2019 trigger date, and closing is scheduled on or before December 31, 2022; and

WHEREAS, the City now desires to declare the Property exempt surplus land and authorize transfer of the Property to Terminal One Development, LLC, a Delaware limited liability company (the “Developer”) pursuant to the Amended LDA, and authorize the City Manager and City Attorney to take all actions necessary to close escrow on or before December 31, 2022 consistent with the terms hereof.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RICHMOND, CALIFORNIA DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The foregoing recitals are true and correct and incorporated into this Resolution by this reference.

Section 2. Exempt Surplus Land. Based on the above recitals, the City finds and declares (i) the Property is surplus pursuant to the Act; (ii) the Property is exempt surplus land pursuant to HCD Surplus Land Act Guidelines (“Guidelines”) Section 103(b)(1) because it will be transferred pursuant to a pre-existing agreement as detailed below; and (iii) other related provisions of the Act are not applicable pursuant to Government Code Section 54222.3.

Section 3. Findings. In addition to the foregoing, the City Council makes the following findings:

- (a) Pursuant to the SLA, the LDA was entered into with the Developer in August 2014 before the September deadline of the SLA in 2019; the closing was delayed due to the investigation of site conditions and determining costs, and Developer found the original housing product was not developable due to market conditions, the project was modified to provide 154 units of single-family housing, 30 junior accessory dwelling units, and the project will comply with the City’s inclusionary housing ordinance.
- (b) The Project will comply with the City’s Community Benefits ordinance providing \$500,000 to the Fund; will pay all project impact fees; will pay some \$5M to build a bayside community park; will pay some \$3.5M to rehabilitate the historic Terminal 1 Wharf; will pay \$1M for seaside improvements to deal with ocean rise related to climate change; will pay some \$10.5 to deal with remediation of toxic soil and reengineer soils; (collectively \$21M) and pay for extending the Bay trail system; and provide additional improvements described in the LDA and Amendment.
- (c) While a purpose of the SLA amendments is to increase the supply of affordable housing, (i) the Project will meet the City’s inclusionary housing ordinance, and (ii) the Housing Authority owns or manages 559 units of affordable housing, much of it publicly subsidized.
- (d) The City of Richmond has faced significant financial issues and has been on the State’s High-Risk list for municipal entities. While a recent state audit found that the City had significantly increased its reserves and improved its financial condition, it was still in the High-Risk category and significant economic development is necessary to improve the City’s financial condition.

Section 4. Official Action. The officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions which they, or any of them, may deem necessary or advisable in order to consummate the

purposes of this Resolution. This includes, but is not limited to, (i) submission of this Resolution to the HCD pursuant to Section 400(e) of HCD's ("Guidelines"); (ii) completion of the terms of the Amended LDA to be executed by the Mayor or Vice Mayor in the absence or refusal of the Mayor, and (iii) taking all actions necessary to close the escrow to carry out the disposition.

Section 5. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The City Council declares that the City Council would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 6. Effective Date. This Resolution shall take effect immediately upon its passage.

I certify that the foregoing resolution was passed and adopted by the City Council of the City of Richmond at a regular meeting thereof held November 22, 2022, by the following vote:

AYES:	Councilmembers Bates, Jimenez, Johnson III, McLaughlin, Willis, and Vice Mayor Martinez.
NOES:	None.
ABSTENTIONS:	None.
ABSENT:	Mayor Butt.

PAMELA CHRISTIAN
CLERK OF THE CITY OF RICHMOND
(SEAL)

Approved:

THOMAS K. BUTT
Mayor

Approved as to form:

DAVE ALESHIRE
City Attorney



State of California }
County of Contra Costa } : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Resolution No. 168-22**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on November 22, 2022.

Pamela Christian
Pamela Christian, Clerk of the City of Richmond