

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

December 11, 2006

## Subject

Funding for due diligence efforts regarding potential lease of property located at 557 East Bayshore Road in Redwood City.

## Recommendation

By motion, authorize the City Manager to expend funds for the purpose of conducting due diligence on property located at 557 East Bayshore Road considered for potential lease by the City. The due diligence efforts would include preparation of an Environmental Impact Report (EIR), architectural renderings for concept plans, and other consulting services such as real estate services, fiscal analysis and geotechnical studies, if deemed necessary. The anticipated budget is \$200,000.

By resolution, appropriate and transfer \$200,000 from the unappropriated General Fund resources held in reserve to the Administrative Support/Professional Services account number 150-61710-50.

## Background

For the past year, the City has been in discussions with the property owner (SyWest Development, LLC, formerly Syufy Enterprises, a Limited Partnership) of 557 East Bayshore Road in Redwood City regarding the disposition of the site. The site was utilized as a Century Theatre movie complex for many years. Recently, Century Theatres opened a new theatre in the downtown area and the property owners have been studying the feasibility of a reuse of the land.

The City has expressed an interest in leasing the property from the owners. Before entering into any binding agreements, the City desires to conduct certain studies to determine the feasibility of future uses of the site.

These studies would include the preparation of concept plans, an Environmental Impact Report, and possibly other studies such as geotechnical, fiscal, etc., if needed. Additionally, the City will need to utilize the services of a real estate consultant. The estimated budget is as follows:

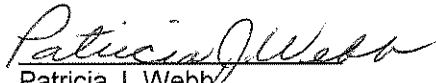
Environmental Impact Report preparation	\$75,000
Concept plan preparation	35,000
Real estate consulting services	50,000
Fiscal Analysis	20,000
Geotechnical studies (supplemental)	<u>20,000</u>
Total	\$200,000

**Alternative**

Do not authorize the expenditures in which case the City would not be able to conduct a due diligence effort.

**Fiscal Impact**

As noted, it is expected that the due diligence effort will require approximately \$200,000. This will be appropriated and transferred from the unappropriated fund balance within the General Fund reserves to Administrative Support/Professional Services.

  
Patricia J. Webb  
Housing and Economic Development  
Manager

  
Peter Ingram  
Community Development  
Director

  
Ed Everett  
City Manager

**Attachment**

Draft Resolution

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION AUTHORIZING THE TRANSFER OF FUNDS FROM THE UNAPPROPRIATED FUND BALANCE WITHIN THE GENERAL FUND RESERVES AND APPROPRIATED TO ADMINISTRATIVE SUPPORT/PROFESSIONAL SERVICES IN THE AMOUNT OF \$200,000 FOR PLANS AND STUDIES REGARDING THE POTENTIAL LEASE OF PROPERTY LOCATED AT 557 EAST BAYSHORE ROAD IN REDWOOD CITY.**

**WHEREAS**, for the past year, the City of Redwood City has been in discussions with the property owner (SyWest Development, LLC, formerly Syufy Enterprise, a Limited Partnership) of 557 East Bayshore Road in Redwood City regarding the disposition of the site; and

**WHEREAS**, the City of Redwood City has expressed an interest in leasing the property from the owners; and

**WHEREAS**, the City of Redwood City desires to conduct certain studies to determine the feasibility of future uses of the site; and

**WHEREAS**, these studies would include the preparation of concept plans, and Environmental Impact Report, and possibly other studies such as geographical, fiscal, etc., if needed; and

**WHEREAS**, the estimated budget is as follows:

Environmental Impact Report preparation	\$75,000
Concept plan preparation	\$35,000
Real estate consulting services	\$50,000
Fiscal Analysis	\$20,000
Geotechnical Studies	\$20,000
	TOTAL \$200,000

**NOW, THEREFORE BE IT RESOLVED BY THE CITY OF REDWOOD CITY,  
AS FOLLOWS:**

1. That \$200,000 will be transferred from the unappropriated fund balance within the General Fund reserves and appropriated to Administrative Support/Professional Services account number 150-61710-50 for the preparation of plans and studies regarding the potential lease of property located at 557 East Bayshore Road in Redwood City.

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