

REPORT TO THE HONORABLE  
DEPUTY MAYOR AND CITY COUNCIL  
SDG&E v. CITY OF SAN DIEGO  
(Sorrento Valley Property Litigation)

The above-captioned case has been in litigation since 1974. Attached are copies of Reports to you from us dated January 29, 1976 and March 30, 1981 respectively which set forth the facts and the result of the U.S. Supreme Court decision in March, 1981 which sent the case back to the California trial court for further proceedings. Since that time there have been no further court proceedings, but based upon instructions from you in closed session last year the City Attorney and City Manager have met from time to time with (former) Mayor Hedgecock, Councilman Cleator and various representatives of SDG&E with a view towards a settlement.

The sum and substance of our discussions has been to find a way, if possible, of acquiring all or a substantial portion of the property for environmental preservation purposes.

Recently, the State Coastal Conservancy joined us in this effort. That agency caused an appraisal of the entire site to be made by appraisers from the State. They valued the Wetlands portion of the site at \$10,000 per acre. The Conservancy has also expressed a willingness to purchase 200 acres of the site for \$2,000,000, subject to appropriation of that sum by the State Legislature and approval by the Governor.

On that basis then we have continued our discussions with SDG&E representatives. Their most recent proposal was as follows:

a) Conservancy and City to acquire 225 acres of the site for \$2,250,000 (\$10,000 per acre) plus agreement by the City to extend the present reduction of SDG&E's undergrounding commitment from 1990 to 1994 (an additional five years).

b) Dismissal with prejudice of all pending litigation.

Each party to bear its own costs.

The Conservancy has indicated its willingness and desire to go forward with the purchase as soon as its funds are available. Its contribution will be \$2,000,000. The City litigation fund will provide the \$250,000 plus costs required to conclude the acquisition.

We recommend that you authorize the City Attorney and City Manager to proceed with the settlement as outlined above.

