

RESOLUTION NUMBER R- 307498

DATE OF FINAL PASSAGE JUN 26 2012

A RESOLUTION AUTHORIZING THE CITY OF SAN DIEGO TO ENTER INTO A 40-YEAR GROUND LEASE WITH TY INVESTMENT, INC, FOR THE LEASE OF APPROXIMATELY 64.3 ACRES OF CITY OWNED WATER FUND PROPERTY; AUTHORIZING THE ACCEPTANCE OF FEE TITLE TO 2.6 ACRES OF ADJACENT PROPERTY; AUTHORIZING THE ACCEPTANCE OF AN ACCESS EASEMENT OVER ADJACENT PROPERTY; AUTHORIZING THE GRANT OF A MAINTENANCE EASEMENT OVER CITY OWNED PROPERTY; AND AUTHORIZING THE ACCEPTANCE AND DEPOSIT OF LEASE REVENUES.

WHEREAS, the City of San Diego (City) owns approximately 106 acres of Water Fund property (City Property) in and around the Carlton Oaks Golf Course in the City of Santee; the City Property was originally acquired in 1933 for the then-planned Mission Reservoir and to allow for the dredging of the San Diego River; and

WHEREAS, the northern portion of the City Property has been leased for golf course purposes since 1959; the lease is currently on hold-over, on a month-to-month status, generating annual revenues of \$237,869.76; and

WHEREAS, TY Investment, Inc., a California corporation (TY), owns 105 acres of property on the north and east sides of the City Property, and operates the Carlton Oaks Golf Course over both its privately-owned property and the portion of the City Property it leases from the City; and

WHEREAS, City staff has negotiated a proposed market rate ground lease with TY which would lease approximately 64.3 acres of the City Property to TY for golf course purposes; and

WHEREAS, the balance of the City Property, including the portion of the City Property which runs along and includes the San Diego River, will not be leased; however, as a condition of the proposed ground lease with TY, the City would grant to TY a non-exclusive maintenance easement on, over, across and through said non-leased City Property (referred to in the ground lease as the "Berm Property"); and

WHEREAS, in order to provide connectivity between the City Property along the southerly boundary of the golf course and West Hills Parkway, TY will convey fee title for 2.6 acres of its property to the City. As compensation for this conveyance, the ground lease rent for the first ten (10) years of the proposed lease term will be offset by the appraised value of the 2.6 acre property, which has been determined to be \$104,400 (\$40,000 per acres), amortized at six percent (6%) over ten (10) years, which equates to approximately \$14,185 per year of rent credits; and

WHEREAS, TY has also agreed to grant the City a 15-foot wide, non-exclusive, access easement over TY's property, which will give the City ingress and egress to City Property to and from Inwood Drive. As compensation for these easement rights, the ground lease rent will be offset by the appraised value of the property, which has been determined to be \$26,461, amortized at six percent (6%) over ten (10) years, which equates to approximately \$3,595 per year of rent credits; and

WHEREAS, the proposed ground lease includes further possible rent credit(s) which could be applied to the lease rental rate if, during the first twenty (20) years of the lease term, a public trail is developed by City through any portion of TY's privately-owned property or through the subject leasehold property; and

WHEREAS, City reserves the right to use, at no charge, an approximately 0.762 acre area of the proposed leasehold estate, located adjacent to the existing ACOE Mitigation Area, for staging materials and equipment to develop a possible future public trail and to maintain the unleased portions of the City Property; and

WHEREAS, the rent for the first twenty (20) years of the proposed ground lease, before deductions for the above-described rent credits, will start at \$150,000 per year and will increase annually by 2.5%. For the 21st year, an appraisal of the property will be conducted to determine the then fair market rent, which thereafter will again be increased annually by 2.5%; NOW, THEREFORE,

BE IT RESOLVED, that the Mayor, or his designee, is hereby authorized to enter into and execute a 40-year Ground Lease with TY Investment, Inc., a California corporation, for the purposes of operating a golf course, subject to the terms and conditions therein, which are more fully set forth in Document No. RR- 307498 on file with the City Clerk.

BE IT FURTHER RESOLVED, that the Mayor, or his designee, is hereby authorized to accept a grant deed conveying 2.6 acres of real property, located on portions of APN 383-060-26 and APN 383-071-07, from TY Investment, Inc., a California corporation, to the City of San Diego.

BE IT FURTHER RESOLVED, that the Mayor, or his designee, is hereby authorized to accept an easement deed, conveying easement rights, over and upon TY Investment, Inc.'s property, for ingress and egress purposes to City Property, to and from Inwood Drive, from TY Investment, Inc., a California corporation, to the City of San Diego.

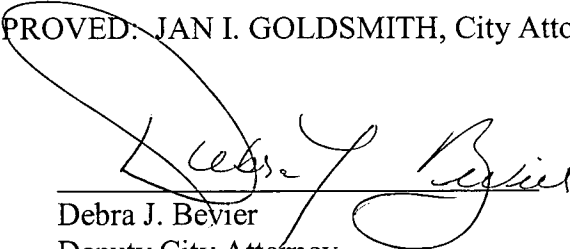
BE IT FURTHER RESOLVED, that the Mayor, or his designee, is hereby authorized to grant to TY Investment, Inc., a California corporation, a non-exclusive maintenance easement

on, over, across and through a portion of the 106 acres of Water Fund property in and around the Carlton Oaks Golf Course in the City of Santee, referred to as the "Berm Property" and further described in the 40 Year Ground Lease.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to accept and deposit the lease revenues from the leased property into Water Operating Fund 700011.

APPROVED: JAN I. GOLDSMITH, City Attorney

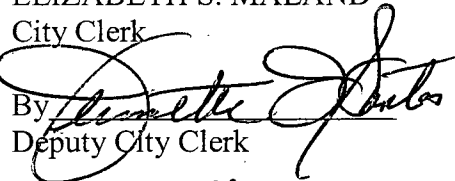
By


Debra J. Bevier
Deputy City Attorney

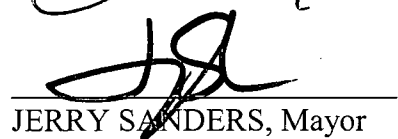
DJB:mm
04/20/2012
Or.Dept:READ
PL#2010-03135
Doc. No. 356706

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 12 2012

ELIZABETH S. MALAND
City Clerk


By Elizabeth S. Maland
Deputy City Clerk

Approved: 6.26.12
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor