

RESOLUTION NUMBER R- **315235**DATE OF FINAL PASSAGE **DEC 12 2023**

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THAT CERTAIN AGREEMENT REGARDING SATISFACTION AND RELEASE OF PURCHASE AGREEMENT OBLIGATIONS BETWEEN THE CITY OF SAN DIEGO AND VARIOUS ENTITIES AND INDIVIDUALS RELATED TO THE CENTRE CITY MANOR SITE LOCATED AT 1440-1450 FOURTH AVENUE IN THE CORTEZ HILL NEIGHBORHOOD, AND AUTHORIZING RELATED ACTIONS.

WHEREAS, from its formation in 1958 until its elimination on February 1, 2012, the Redevelopment Agency of the City of San Diego (Former RDA) implemented various redevelopment projects, programs, and activities within designated redevelopment project areas throughout the City; and

WHEREAS, in March 2010, the Former RDA (as the buyer) and MGSD, Inc., a California corporation, OK Trade, LLC, a California limited liability company, 4th & Beech Partners, LLC, a California limited liability company, and DBELS Family LP, a California limited partnership (collectively, Sellers) signed that certain Agreement for Acquisition of Real Property (Purchase Agreement), contemplating the Former RDA's acquisition from Sellers of real property commonly known as Centre City Manor and located at 1440-1450 Fourth Avenue (APNs 533-442-04 and -05) in the Cortez Hill neighborhood of the Downtown Community Plan area (Property); and

WHEREAS, in accordance with the Purchase Agreement, the Former RDA acquired the Property from Sellers for a purchase price of \$6,532,500 in April 2010, intending to develop a public park on the Property and certain adjacent real property as envisioned by the Downtown Community Plan; and

WHEREAS, the Former RDA dissolved as of February 1, 2012, in accordance with a deadline for elimination of all redevelopment agencies throughout California set forth in Assembly Bill xl 26, as modified by the California Supreme Court in *California Redevelopment Assn. v. Matosantos*, 53 Cal. 4th 231 (2011); and

WHEREAS, in 2016, after obtaining approval from the California Department of Finance during the redevelopment dissolution process, the City, in its designated capacity as the successor agency to the Former RDA, transferred the Property to the City, a municipal corporation, for “governmental use” (i.e., a future public park); and

WHEREAS, in the Purchase Agreement, the Former RDA and Sellers acknowledged that the Property contains Hazardous Substances (as defined in Section 14.1 of the Purchase Agreement), including lead and petroleum hydrocarbons; and

WHEREAS, the Purchase Agreement requires Seller to comply with the following terms to address Hazardous Substances affecting the Property (collectively, Sellers’ Remediation Obligations): (a) Sellers would remediate the Property as necessary to support the redevelopment of the Property, contemplated to be a public park, when required by the Former RDA; (b) Sellers would complete all remediation required or necessary to construct the park project at surface grade, which construction could include up to one level of subsurface parking and other excavation work; (c) Sellers agreed to provide financial assurances to the Former RDA for environmental remediation of the Property in the initial amount of \$330,000 in cash or letters of credit; and (d) Sellers agreed to pay all actual costs associated with and required for the remediation of the Property under the Purchase Agreement, regardless of whether the actual costs were less or greater than the initial \$330,000; and

WHEREAS, in compliance with the Purchase Agreement, Sellers caused Elizabeth Ann Dabby, in her individual capacity and as trustee of The Dabby Trust A, a sub-trust of the Danny and Elizabeth Ann Dabby Living Trust dated 4/4/2000, Joseph S. O'Keefe and Aura A. O'Keefe, in their individual capacities and as co-trustees of the O'Keefe Family Trust, and Eric H. Fletcher and Beatrice A. Fletcher, in their individual capacities and as co-trustees of the Fletcher Family Trust (collectively, Guarantors), to secure performance of Sellers' Remediation Obligations by providing various lines of credit totaling \$330,000 (collectively, Guarantee); and

WHEREAS, due to redevelopment dissolution, ongoing efforts by the Former RDA and the City to develop a park on the Property stalled; and

WHEREAS, Sellers have been unable to fulfill Sellers' Remediation Obligations because the City has not yet demolished the existing structures on the Property, including a 77-unit single room occupancy hotel, to construct a public park; and

WHEREAS, based on the lack of a definitive timeframe for redevelopment of the Property, Sellers and Guarantors requested the City release them from Sellers' Remediation Obligations and the Guarantee, respectively, in exchange for their payment of \$330,000 to the City; and

WHEREAS, based on review and analysis of relevant information, including a report from Weis Environmental, LLC, City staff estimates that the direct and indirect costs associated with environmental remediation of the Property are approximately \$330,000; and

WHEREAS, the City, Sellers, and Guarantors have negotiated the terms of a proposed Agreement Regarding Satisfaction and Release of Purchase Agreement Obligations (Release Agreement), a copy of which is included as Attachment E to the staff report in the docket materials accompanying this Resolution; and

WHEREAS, under the Release Agreement, Sellers and Guarantors will collectively pay \$330,000 to the City, and upon the City's receipt of this payment in full, the City will release Sellers from Sellers' Remediation Obligations and will further release Guarantors from the Guarantee; and

WHEREAS, the Office of the City Attorney has drafted this Resolution based on the information provided by City staff (including information provided by affected third parties and verified by City staff), with the understanding that this information is complete, true, and accurate; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, as follows:

1. The Council approves the Release Agreement, a copy of which will be placed on file in the Office of the City Clerk as Document No. RR- **315235** .
2. The Mayor, or designee, is authorized and directed to sign the Release Agreement and take all actions necessary and appropriate to implement the Release Agreement.
3. The Chief Financial Officer, or designee, is authorized to accept and deposit the \$330,000 payment under the Release Agreement into the City's Successor Agency Property Management Fund (Fund 200723).

APPROVED: MARA W. ELLIOTT, City Attorney

By: Kevin Reisch
Kevin Reisch
Senior Chief Deputy City Attorney

KJR:jdf
11/17/23
Or. Dept: Econ. Dev.
Doc. No.: 3477885

I certify that the Resolution was passed by the Council of the City of San Diego, at this meeting
of DEC 04 2023.

DIANA J.S. FUENTES
City Clerk

By Connie Patterson
City Clerk

Approved: 12/12/23
(date)

Todd Gloria
TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor

Passed by the Council of The City of San Diego on DEC 04 2023, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stephen Whitburn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monica Montgomery Steppe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marni von Wilpert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kent Lee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raul A. Campillo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage DEC 12 2023.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA

Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES

City Clerk of The City of San Diego, California.

By Connie Patterson, Deputy

Office of the City Clerk, San Diego, California

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