

DATE ISSUED: May 26, 2000

REPORT NO. 00-104

ATTENTION: Honorable Mayor and City Council  
Docket of May 30, 2000

SUBJECT: San Diego Naval Training Center (NTC) Property Conveyance

REFERENCE: Manager's Report No. 98-209, City Council agenda of October 20, 1998

### SUMMARY

#### Issues - Should the City Council:

1. State for the record that the previously certified EIS/EIR (LDR File No. 96-0255) has been reviewed and considered prior to accepting the property?
2. Authorize the City Manager to execute the Memorandum of Agreement (MOA) by and between the United States of America (Department of the Navy) and the City of San Diego for the Economic Development Conveyance and Public Benefit Conveyances at the former Naval Training Center San Diego; and to carry out all actions necessary to implement said MOA?
3. Accept conveyance of the former Naval Training Center San Diego from the United States of America (Department of the Navy)?

Manager's Recommendation - State for the record that the previously certified EIR/EIS (LDR File No. 96-0255) has been reviewed and considered prior to accepting the property. Authorize the City Manager to execute the MOA with the Department of the Navy and to carry out all actions necessary to implement said MOA. Accept the property conveyance from the United States of America (Department of the Navy).

#### Other Recommendations - None

Fiscal Impact - With the conveyance of the property from the Navy, the City will incur operation and maintenance costs currently estimated at \$528,584 annually. The NTC fund for FY 2001 is proposed to be funded at a minimum level of \$302,574. Should any additional money become available, we will recommend additional funding. The operation and maintenance costs for the remainder of FY 2000 will be paid from Fund 10522 which is the current operation and maintenance fund for NTC.

Housing Affordability Impact - No direct impact with this action. Future implementation of the project will generate tax increment. Since the project has already been adopted as a redevelopment project area, twenty percent of the tax increment revenues will be earmarked as low and moderate income housing set-asides.

## BACKGROUND

In 1993, the Federal Base Closure and Realignment Commission (BRAC) recommended closure of the Naval Training Center (NTC) in San Diego. The City of San Diego was designated as the Local Redevelopment Authority (LRA) for the reuse of NTC.

The Reuse Plan adopted by the City Council on October 20, 1998, was produced over a two year period, from July 1994 to September 1996. Public involvement and community outreach were integral to the process. The 26-member Reuse Planning Committee, chaired by Mayor Susan Golding, established six sub-committees which met at least monthly. Collectively, more than 200 members of the public participated directly in the process. The Reuse Committee meetings were also videotaped and shown on cable television to reach a wider audience. In May 1996, the Planning Commission recommended approval of the draft Reuse Plan. In July and October of 1996, the City Council approved the draft Reuse Plan.

In accordance with the Defense Base Closure and Realignment Act of 1990, and the Department of Defense regulations, the City of San Diego prepared a redevelopment plan for NTC. The Naval Training Center Redevelopment Plan was approved and adopted by the San Diego City Council on April 29, 1997. A draft EIR/EIS on the Reuse Plan was prepared with the Navy and the City as joint lead agencies and a Record of Decision was signed by the Deputy Assistant Secretary of the Navy on March 10, 1999. The approved Reuse Plan is the basis of the City's contract with the Navy for the long-term reuse of NTC as well as the basis for the City's Business Plan and Economic Development Conveyance application to the Navy.

## DISCUSSION

Based on the strategies recommended in the Reuse Plan the NTC is being conveyed to the City of San Diego through various separate conveyances and sponsorships. Attachment 1 is a Map illustrating the various parcels that the Navy is disposing of. Parcel I has been transferred to the Immigration and Naturalization Service to be retained as a small arms range. Parcels IV and V are being transferred to the Port of San Diego as part of an Early Transfer for Airport Expansion purposes.

### **Economic Development conveyance (EDC)**

The majority of the property, approximately 279 acres (parcels II/IIIA, IIIB, VIII and X of Attachment No. 1), is being conveyed to the City through a No-cost Economic Development Conveyance (No-Cost EDC). Three parcels (parcels VII , VIII and X) require further remedial action necessary to protect human health and the environment. These parcels will be conveyed to the City once the Navy has completed the necessary environmental remediation work. The parcels must be found suitable to transfer based on the use projected in the Reuse Plan prior to being transferred to the City of San Diego. The property being conveyed through the No-Cost EDC includes the proposed 25 acre Public Safety Training Institute Site on Camp Nimitz.

The projected transfer dates for these parcels is:

March of 2002 for parcel IIIB (approximately 13 acres) -- the portion of the boat channel in front of the two proposed hotel sites.

May of 2001 for parcel VIII (approximately 6 acres within the Historic Core)

March 2001 for parcel X (approximately .9 acres on the location of a future parking lot within the Historic Core)

In October of 1999, the President of the United States approved the No-Cost Economic Development Conveyance (No-cost EDC) Authority as part of the Fiscal Year 2000 National Defense Act. The No-Cost EDC legislation enabled the City of San Diego to obtain the property from the United States at no cost without the need for lengthy negotiations on the reuse value of the property. The No-cost EDC legislation imposes certain restrictions on the property including the need to re-invest all proceeds received by the City back into the property for a minimum of seven years from the date of conveyance. Failure to invest proceeds derived from the property on the NTC would require the City to give those funds to the United States Government. Section 13 of the Memorandum of Agreement (Attachment 3) outlines the restrictions on the use of proceeds from the sale or lease of the property.

### **Public Benefit Conveyances**

*Parks:* On November 1, 1999, the Park and Recreation Department submitted an application to the National Park Service for sponsorship of a Public Benefit Conveyance of 100.4 acres of NTC for recreational reuse under the Federal Lands to Parks Program. This included both upland and submerged lands (parcels VI and VII). On November 16, 1999, the National Park Service sent a request to the Department of the Navy for assignment of the 100.4 acres to the City of San Diego as a Public Benefit Conveyance. On March 28, 2000, the National Park Service sent an additional request to the Department of the Navy to add a 1.255-acre parcel along the Camp Nimitz side of the channel to the Public Benefit Conveyance for a public esplanade. Assignment from the Navy is currently in process and the City expects conveyance of the property in November of 2000 for the approximately 49 acres contained within parcel VI. The boat channel parcel (parcel VII--approximately 44 acres) is anticipated to be conveyed once the remediation work is completed with the EDC boat channel parcel IIB in March of 2002.

Receiving land under the Federal Lands to Parks Program results in certain restrictions being placed on the land. The land must be retained for a public park and recreational use. Any revenues generated on the parcel must be put back into the parcel through future development, repairs, or rehabilitation.

Any changes from the original plan of development presented to the National Park Service (i.e., the City-approved NTC Reuse Plan) must be approved by the National Park Service. Biennial reports detailing development activities and highlighting any operational issues, such as vandalism, must be submitted to the NPS for 20 years after conveyance. The City has received other properties under the Federal Lands to Parks Program, including portions of Mission Trails Regional Park.

*Metropolitan Waste Water Laboratory (MWWL Lab):* MWWL submitted a Public Benefit Conveyance application package to the Department of Human and Health Services (DHHS) on September 24, 1999, requesting conveyance of approximately eight acres on the Camp Nimitz side of the former Naval Training Center for the construction of an environmental monitoring laboratory. The application package to DHHS was amended on January 28, 2000, which answered some of their questions and included a request for conveyance for an additional small parcel adjacent to the City's Pump Station 2. The DHHS approved the application and amendment on March 22, 2000, and requested assignment of the property from the Navy. Assignment from the Navy is currently in process and the City expects conveyance of the property in August 2000.

The total conveyance to the City of San Diego from the United States Government will be approximately 417 acres. The majority of the property which will be redeveloped will be conveyed as part of the No-cost EDC. The latest conveyance is expected to be the boat channel totaling approximately 57 acres. The acceptance of title to these properties by the City of San Diego will enable the City to continue its efforts to redevelop the former Naval Training Center by ultimately replacing lost jobs, stimulating the economy and adaptively reusing the Historic Core in an economically feasible manner. Staff has worked diligently and cooperatively with the Government of the United States (Southwestern Division of the Department of the Navy) to prepare all the documents that are before you today for consideration.

Negotiations are currently underway for a Disposition and Development Agreement (DDA) between the City of San Diego's Redevelopment Agency and The Corky McMillin Companies. The DDA will outline the business terms under which the Corky McMillin Company would redevelop the property in accordance with the approved Reuse Plan. The DDA will also set forth the terms under which The McMillin Company will manage and maintain the property until the redevelopment plan is implemented.

## ALTERNATIVES

1. Do not accept title to the property from the United States of America. The consequences of this alternative could mean that the City would miss the current market cycle and might jeopardize the City's ability to accept conveyance of NTC.
2. Accept title to the property subject to modifications in the proposed MOA and Deed. The consequences of this alternative could mean that the City would miss the current market cycle and might jeopardize the City's ability to accept conveyance of NTC or the potential to redevelop NTC.

Respectfully submitted,

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Approved: George Loveland  
Acting Assistant City Manager

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Tina P. Christiansen, AIA  
Planning and Development Review Director

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Note: Attachments available for review in the Office of the City Clerk.

Attachments:

1. Map of Disposal Parcels
2. Naval Training Center San Diego Reuse Plan--Executive Summary
3. Memorandum of Agreement between the United States of America (Department of the Navy) and the City of San Diego for the former Naval Training Center San Diego
4. Quitclaim Deed and Environmental Restrictions pursuant to Civil Code Section 1471 for the former Naval Training Center San Diego. Inclusive of the Finding of Suitability to Transfer (FOST Parcels II/IIIA and IX)

**Note: Attachments 2-4 are provided under separate cover** due to their size and associated color maps. They are available for purchase at the Planning and Development Review Department, 202 "C" Street, Fifth Floor reception desk. They will be provided for the cost of reproduction.