



DATE: November 10, 2020
TO: Mayor and Members of the City Council
FROM: Paul Kelley, Economic Development Director
SUBJECT: **AUTHORIZE THE CITY MANAGER TO EXECUTE A LEASE AGREEMENT WITH THE NIMITZ GROUP LLC FOR PROPERTY LOCATED AT APN 0066-020-130**

RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute a Lease Agreement to The Nimitz Group for property located at APN 0066-020-130.

REASONS FOR RECOMMENDATION

The City desires to lease the portion of the property as a "lay down area" as part of its good faith negotiations with the Nimitz Group, LLC over the sale of North Mare Island. The lease will also benefit the City as the Nimitz will pay the Community Facilities District (CFD) taxes for the property and the City will no longer need to provide security and upkeep of the property.

BACKGROUND AND DISCUSSION

On or about 2017, the City issued an RFQ seeking a master developer for North Mare Island. City received a number of proposals and selected The Nimitz Group, LLC as its preferred master developer. In July 2018 City and Nimitz entered into an Exclusive Negotiating Agreement (ENA) setting forth the terms under which Nimitz and City would negotiate a potential Disposition and Development Agreement whereby the City would convey the North Mare Island property to Nimitz for development. Since entering into the ENA, Nimitz and City have negotiated in good faith various potential structures for conveyance and development of the Property.

As part of these good faith negotiations, The Nimitz Group desired to rent property in North Mare Island from City to provide a "Lay Down Area" for one of its tenants. The Lay Down Area will be used for the receipt, storage, and partial assembly of equipment and materials and for ancillary uses related to the foregoing. The terms of the agreement will be for one year, with an option to renew the lease for three one-year terms.

Pursuant to Vallejo Municipal Code section 3.70.090 "Property to be leased from the City may be negotiated by the City Manager, subject to final approval by the City Council."

FISCAL IMPACT

The City will lease the property for \$1.00 a month. The lease will also save the City money as the Nimitz Group LLC will pay any possessory taxes over the property and the City will not have to provide security and upkeep over the property.

ENVIRONMENTAL REVIEW

This action is exempt from California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

ATTACHMENTS

1.	NNN Lease Nimitz - North Island - SLC edits to 11-3 City draft - BGP Comments stamped
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CONTACT

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