



**DATE:** January 25, 2022

**CATEGORY:** Consent

**DEPT.:** Public Works

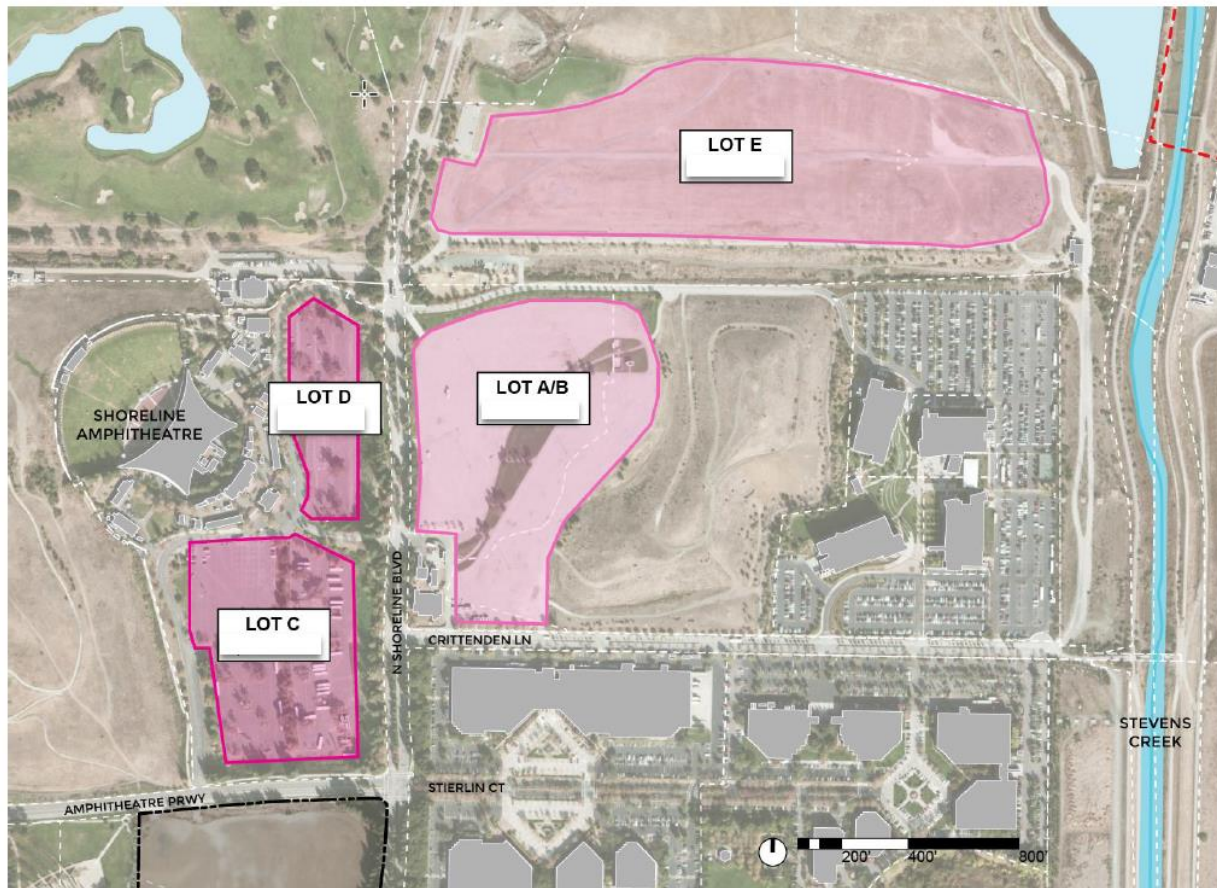
**TITLE:** **Resolution Declaring Property Owned by the City of Mountain View as Surplus Land – Parking Lot C at Shoreline Amphitheatre**

### **RECOMMENDATION**

1. Adopt a Resolution of the City Council of the City of Mountain View Declaring City-Owned Real Property Commonly Referred to as “Lot C” That Comprises Part of the Site Located at 1 Amphitheater Parkway as “Surplus Land” and Not Necessary for the City’s Use, and Taking Related Actions Under the Surplus Land Act, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Authorize staff to issue a notice of availability for a long-term ground lease to applicable agencies and affordable housing sponsors according to the State Surplus Land Act requirements, and if one or more expressions of interest from affordable housing sponsors are received, direct staff to select and enter into negotiations with the entity proposing the greatest number of affordable units and deepest level of overall affordability.

### **BACKGROUND**

The City of Mountain View is the owner of 1 Amphitheatre Parkway, a 37-acre site that consists of an outdoor concert venue, concession stands, and surface parking designated as Lots C and D (Figure 1). There is an executed lease agreement between the City of Mountain View, Mountain Shoreline Regional Park Community, and Live Nation to use the site as a concert venue. Although not part of the leased area, the lease also specifies that Live Nation will have access to the City-owned Lots A, B, and E. The lease commenced on May 10, 2006 and had an initial term expiration date of December 31, 2020 and includes two 5-year options to renew. Live Nation exercised the first of its two 5-year renewal options, and the lease is now set to expire on December 31, 2025. If Live Nation timely exercises its second option with City concurrence to extend, the lease would expire on December 31, 2030.



**Figure 1: Shoreline Amphitheatre**

Currently, Google subleases Lots C and D from Live Nation for its parking needs with the provision that the 1,550 parking spaces in Lot C and Lot D remain available for Live Nation events. This sublease expires in 2025.

As part of its North Bayshore Master Plan application, Google has expressed an interest in a long-term ground lease of Parking Lot C to construct a 4,330-stall parking garage for district parking with this parking available for shared use with Live Nation and the City during nonbusiness hours. Lot C currently has 1,050 surface parking spaces and is approximately 14 acres of the 1 Amphitheatre Parkway site.

In order for the City to enter into a long-term ground lease of Lot C commencing prior to January 1, 2031, Live Nation would have to agree to amend its lease with the City of Mountain View and Mountain Shoreline Regional Park Community to remove Lot C from the area leased to Live Nation. Live Nation has indicated a willingness to discuss a

lease amendment should the City continue to move forward with a separate ground lease for Lot C.

In addition, as explained in the [December 14, 2021](#) Study Session memo regarding the Google North Bayshore Master Plan, before the City can entertain a long-term lease of Lot C to Google for parking purposes, the City must comply with the State Surplus Land Act (SLA), as amended by Assembly Bill (AB) 1486 in 2019. If the City wants to enter into a new lease for a term of five years or more, the SLA requires the City to declare the property to be either “surplus land” or “exempt surplus land.” For property that is not exempt, the City must send a notice of availability to specific affordable housing agencies and sponsors for development of low-income housing (which have first priority), regional parks/open space agencies, and local school districts.

If the City receives a notice of interest within 60 days from one or more of the statutorily preferred purchasers, the City must then negotiate in good faith for 90 days with one or more of the responding parties. Notwithstanding the obligation to negotiate in good faith, the City is not required to enter into any lease with any person or entity on any particular terms. If the parties cannot come to terms after not less than 90 days of negotiations, the City may then lease the property to anyone else subject to a requirement that if the property is ever developed with more than 10 residential units, at least 15% of those units must be rented or sold to lower-income households at an affordable rent or an affordable housing cost. Compliance with the SLA process requires consultation with and review by the State Department of Housing and Community Development (HCD).

If an agency fails to provide the proper notices and otherwise comply with the SLA prior to leasing or disposing of surplus property, there is a significant penalty that requires a local agency to forfeit 30% of the purchase/lease proceeds for the first violation and 50% for any subsequent violations.

## **ANALYSIS**

The City will continue to require the use of the 1,050 parking spaces provided in Lot C for the concert venue and other City parking needs. However, Lot C could be considered surplus and made available for a long-term ground lease if the lessee replaces or shares a minimum of 1,050 parking spaces for use by the City and Live Nation.

Because Lot C does not qualify as exempt surplus land, staff recommends that the Council declare Lot C to be surplus land available for a long-term ground lease. Staff further recommends that Council authorize staff to proceed with the notice of availability as specified by the SLA and, if one or more expressions of interest from affordable

housing sponsors are received, to select and enter into negotiations with the entity proposing the greatest number of affordable units and deepest level of overall affordability, or if an expression of interest is only received from eligible entities that are not affordable housing sponsors (e.g., a school district or open space authority), to select and enter into negotiations with an eligible entity. The notice of availability would include key information about the site, including that it is partially on a closed landfill, near burrowing owl habitat, below sea level, and is subject to an existing lease with Live Nation that runs through December 31, 2025 (and potentially through December 31, 2030 if Live Nation's one remaining 5-year option to extend is exercised). In addition, the notice would specify the City's minimum requirements for the ground lease, including ground rent rates at fair market value and that the lessee must replace or share a minimum of 1,050 parking stalls for the concert venue and other City use outside of business hours.

With Council approval of the recommended actions, should the City receive any notices of interest within the 60-day notice of availability period, staff will initiate negotiations, giving priority to affordable housing sponsors as required by the SLA, and if more than one housing sponsor expresses interest, giving priority to the sponsor proposing the greatest number of residential units and deepest level of overall affordability. Staff will return to Council for additional direction on price and terms during the negotiation process. In addition, in parallel with the negotiations, staff will begin discussions with Live Nation about a lease amendment and return to Council for direction and approval of the terms of an amendment.

### **FISCAL IMPACT**

There is no fiscal impact in adopting the attached resolution. An appraisal would be commissioned to determine fair market value of a lease as part of negotiations.

### **ALTERNATIVES**

Provide other direction.

**PUBLIC NOTICING** – Agenda posting. A copy of the Council report was provided to Live Nation.

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Attachment: 1. Resolution Declaring Property Owned by the City of Mountain View  
as Surplus Land