



**DATE:** March 3, 2015

**CATEGORY:** Consent

**DEPT.:** City Attorney/City Manager

**TITLE:** **Authorize City Manager to Amend Dates in the Disposition and Development Agreement and Ground Lease for Moffett Gateway**

### **RECOMMENDATION**

Authorize the City Manager to amend performance milestone timelines in the Disposition and Development Agreement and Ground Lease for Moffett Gateway based on the California Transportation Commission's consideration of the sales of the Caltrans parcel and authorize the City Manager to execute these agreements.

### **BACKGROUND AND ANALYSIS**

On November 17, 2014 and December 16, 2014, the City Council approved the business terms for the Disposition and Development Agreement and Ground Lease to Broadreach for the development of the Moffett Gateway site owned by the City.

During negotiations of these business terms, Broadreach diligently negotiated with the California Department of Transportation (Caltrans) to purchase the parcel adjacent to the Moffett Gateway site with the goal of incorporating it into the project. The California Transportation Commission (CTC) approves the sale of any Caltrans property. An item to approve the sale of the Caltrans parcel to Broadreach was agendaized for consideration and approval by the CTC on January 22, 2015. However, the item was pulled from the agenda and is currently scheduled for the March 24, 2015 CTC meeting. Until the CTC makes a decision, it will remain uncertain whether the Caltrans parcel will be included in the application. Under the terms of the agreement outlined to Council in December, Broadreach is required to submit an informal application by April 1, 2015.

Broadreach and the City of Mountain View have successfully concluded negotiations of all the agreements related to the development of the Moffett Gateway site. The City and Broadreach agree a project including both properties would be superior in design and provide more open space. Staff believes it is worth providing some additional time for Broadreach to determine whether it can acquire the Caltrans parcel. Staff

recommends extending the performance milestones up to six months to provide sufficient time for Broadreach to conclude its efforts to acquire the Caltrans parcel. During this time, Broadreach must resolve the issues with the State or, if necessary, submit plans for a project on City property only.

For these reasons, staff recommends the City Manager be authorized to extend the performance milestones previously negotiated up to six months.

### **FISCAL IMPACT**

If the Council approves the extension of up to six months, the revenues to be received by the City could be delayed by up to six months. However, if the extension is not approved and the development is based on only the City site, revenues are estimated to be approximately \$400,000 less annually for the life of the lease.

### **ALTERNATIVES**

1. Do not extend the performance milestone timeline and proceed with development entirely on the Moffett Gateway site owned by the City.
2. Provide other direction to staff.

**PUBLIC NOTICING** – Agenda posting.

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