



STAFF REPORT

SAUSALITO CITY COUNCIL

AGENDA TITLE: Public Forum on the Pending Trustee's Sale of the Sausalito Marine Properties

RECOMMENDED ACTION: Receive Staff Report, Take Public Comment and Provide Direction to Staff and Council Ad Hoc Working Group

SUMMARY

On January 21st a Notice of Trustee's Sale was issued indicating that what is commonly referred to as the "Sausalito Marine Properties" would be sold to the highest bidder at a public auction on February 19, 2009. The parcels included in the sale are Marin County Assessor's Parcel Numbers:

064-086-01, 064-034-01, 065-033-02, 065-013-02, 065-031-01, 065-012-01, 064-031-01 and 065-011-01

The City has been in discussions and negotiations with the owner of this property, Zacks Inc. dba Sausalito Marine, for a number of years and successfully negotiated the acquisition of property from Sausalito Marine in 2003.

The City Council has requested that Staff place an item on the City Council Agenda in an effort to receive public input regarding this property.

BACKGROUND

As early as the 1967 *Central Waterfront Area Sketch Plans* and the 1969 *General Development Plan Central Waterfront Area*, discussed the development of a waterfront park in the entire area between Locust and Napa Streets.

Today, Dunphy Park occupies 1.78 acres of land along the waterfront from Litho to Napa as well as 8.11 acres of water between the land portion of the Park and the main boat channel.

The 1995 General Plan includes Policy EQ-3.6 and Program EQ-3.6.1 which reads:

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EQ-3.6 – “Preserve the undeveloped open shoreline, shoreline habitat, and public access in waterfront development consistent with public trust and private ownership purposes.”

EQ-3.6.1 – “Dunphy Park Master Plan. Promote the development of a master plan for the property surrounding Dunphy Park to provide more public access to the waterfront.”

The following is a synopsis of some of the events that have transpired with respect to the property:

-11-9-1960: Planning Commission approves a CUP to re-establish a marine repair operation with incidental berths. Eight off-street parking spaces were required.

- 5-25-1978: CAAB approved the modification to the existing docks to facilitate Anderson Boat Yard. Anderson Boat Yard relocated to Clipper in the 1980's.

- 9-26-1984: City Council approved Resolution 3315 approving the Zack's Marina (CUP 738), which included a 220 berth marina.

- 2-20-1990: City Council revoked CUP 738 through resolution 3927 because the permit had expired. Additional factors cited as the basis for the revocation were the “Fair Traffic Initiative”, the establishment of the Schoonmaker Marina, and a General Plan update process.

Since 1999 the owner has proposed several different development options starting with a 240 berth marina with 47,013 square feet of building. Other options proposed included a 232 berth marina with 46,105 square feet of building and a 232 berth marina with 36,611 square feet of building. In the last case, a little under an acre of land on the peninsula would have been placed under open space easement. The property owner also offered to dedicate the peninsula to the City if a 290 berth marina was approved.

The following is a summary of some additional activities with respect to the property:

- 2-24-1999: Planning Commission denied a CUP to allow a temporary use of the existing building for office, storage lockers ancillary to the existing marina, legally recognizing the existence of the marina, and dry boat storage.

-11-16-1999: Occupancy permit issued to allow temporary storage lockers to serve the marina while pending approval of a master plan for the Sausalito Marin Properties.

-1-30-2001: Building Permit issued to allow for the construction of 44 storage lockers

In 2001 the Planning Commission recommended approval of a Master Plan which would allow up to 19,400 square feet of commercial development on the peninsula and a 314 berth marina with support facilities. The Plan was not approved.

In November 2002 the City Council entered into an exclusive negotiating agreement with Sausalito Marine to acquire approximately two acres of land adjacent to Dunphy Park in the areas known as the "Dunphy Strip" and the "peninsula". The agreement provided that Sausalito Marine would sell the land to the City for \$2.7 million dollars contingent upon the City's approval of an application for a 176 berth/19 side tie marina. The agreement further established that rents for submerged parcels owned by the City which would be incorporated into the marina.

In 2003, Sausalito Marine subsequently agreed to sell part of the property to the City in advance of consideration of the marina application and without any contingency concerning the ultimate outcome of that application. The City utilized a \$1,200,000 grant from the California Coastal Conservancy for the purchase of the "Dunphy Strip" and approximately 11,134 square feet of the area between the existing Police station and Bridgeway. In addition, the City received \$500,000 from the County of Marin (\$400,000 in HUD funds and \$100,000 in mitigation money from the Waldo Point project) which was utilized to acquire an additional approximately 14,582 square feet between the existing Police Station and Bridgeway.

Since 2003 the City has continued negotiating with the property owner and has attempted to acquire additional property. To date, however, those negotiations have not been successful.

Upon receipt of the Notice of Trustee's Sale the City Council ad hoc working group on this matter and City staff have met numerous times and are exploring all available options with respect to the property.

FINANCIAL CONSIDERATIONS

The Notice of Trustee's Sale indicates that the total amount of the unpaid balance on the note and other fees and costs is \$3,444,143.16. This amount may be higher at the time of the sale.

STAFF RECOMMENDATION

Receive Staff Report, Take Public Comment and Provide Direction to Staff and Council Ad Hoc Working Group

ATTACHMENTS

None

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