

New Proposition 40 River Parkways Proposals
Potential San Diego River Acquisitions
Recommended Option

Background:

On July 9, 2004, the City of San Diego presented the Governing Board with an overview of its highest priority potential land acquisition and other project opportunities within the City of San Diego. At that time, the City was in the preliminary stages of researching four unimproved sites (Cannery Row, Mid-West TV, Denton Property, and the Grant Property). On September 10, 2004, City staff returned to provide the Governing Board with a progress report on the status of their potential acquisitions. At that time, the Governing Board voted to informally support the City's efforts to proceed with investigations and negotiations on any or all of these acquisitions.

Current Status:

The City has recently completed an appraisal of one of the properties. There are a number of potential parcels included at the site, and the majority of the land is located in the River's floodzone or floodway. The City is in the process of reinitiating negotiations with the property owner to either (1) purchase the entire property, if the seller is willing; or (2) to do lot-line adjustments (where the City would purchase the land that is more unusable and the property owner retains the more usable land). This property is considered a high priority for the San Diego River Park and is certainly under threat of development.

The appraised value of the property is within the \$5 million balance left in the Proposition 40 River Parkway Fund.

(Note: If the Governing Board would like to know the specific details on the property (i.e., name, location, number of parcels, number of acres, appraised value, etc) the Executive Officer recommends adjourning to closed session to avoid any possible unintended negative consequences of the discussion.)

Action:

- I. Does the Executive Officer have the Governing Board's authority to move forward with this acquisition?**
- II. If so, the Executive Office is seeking guidance from the Governing Board on the best strategy for making the acquisition (i.e. what specific role in the acquisition should the Conservancy assume?).**
- III. Does the selected role provide adequate "credit" necessary to build the Conservancy's needed track record?**

Potential Roles for the Conservancy include:

- Conservancy acquires property and holds and maintains property in perpetuity.
- Conservancy acquires property and transfers property to the City for long-term maintenance.
- Conservancy provides funding for the acquisition to the City. City acquires property directly. City holds and maintains property in perpetuity.

For reasons of current resources, staffing and capacity, it is my recommendation that (1) the Conservancy's major role in the partnership would be to provide the funds for acquisition; and (2) the City major's role in the partnership would be to ultimately own and maintain the land (in perpetuity, (as a dedicated / protected park).

Assuming the Governing Board concurs with this recommendation, two alternatives remain:

- 1) Conservancy acquires property and transfers the property to the City for long-term maintenance; OR
- 2) Conservancy provides funding for the acquisition to the City. City acquires property directly. City holds and maintains property in perpetuity.

The Executive Officer Recommends Option 2

The Executive Officer Recommends Option 2 based on the following considerations. Despite the Conservancy's lower profile role under Option 2, the Executive Officer believes the Conservancy will receive due credit for the acquisition. Both partners bring essential contributions to the table. In this case, the City is unable to move forward with this acquisition because of its current financial condition. Likewise, the Conservancy will greatly benefit from the City's ongoing dialogue with the property owner as well as the City's expertise and long-term capacity to maintain the land. Clearly, both partners are needed to secure these parcels for the San Diego River Park.

The following is a list of advantages associated with Option 2:

- Simplicity, efficiency, rapidity of completing transaction
- Avoids very long and complex review and approval process by Department of General Services
- Frees up Conservancy staff/resources sooner to pursue future funding and acquisition opportunities
- Conservancy currently does not have real estate acquisition/negotiation expertise
- Conservancy currently does not have land management manpower or capabilities
- City has both acquisition expertise and management capabilities (e.g., fulltime park rangers)
- Avoids liability issues associated with land ownership

The following is a partial list of disadvantages associated with Option 2:

- For the sake of building a track record, providing money to the City to acquire property is a lower profile role for the Conservancy than purchasing the property outright.