

MINUTE ITEM

2/79
Maricle

17. REQUEST FOR APPROVAL OF COMMERCIAL SUBLEASE OF LANDS
WP 4686

Calendar Item 17, attached, was pulled prior to the meeting.

Attachment: Calendar Item 17 (10 pages)

A 27

S 12

CALENDAR PAGE	_____
MINUTE PAGE	255

CALENDAR ITEM

17.

2/79
WP 4686
Maricle

REQUEST FOR APPROVAL OF
COMMERCIAL SUBLEASE OF LANDS

BACKGROUND:

Under Calendar Item No. 24, and under Minute Item No. 26, dated July 6, 1972, the Commission approved Anza Pacific Boundary Settlement and Exchange Agreement No. 131 hereinafter, referred to as Agreement No. 131, and the issuance of 12 State leases.

Pursuant to said agreement, the State leased for 66 years to Anza Pacific the 46 acres confirmed in State ownership. The initial rental consideration for said leases through June 30, 1988 was \$18,626 per annum plus bond retirement, lagoon construction and the completion of site improvements on State lands. The State lease of the 46 acres for administrative convenience in subleasing was accomplished by the issuance of separate leases. The rentals are to be received by the State through June 30, 1988 and are prorated to each lease.

Under Calendar Item No. 47, dated March 25, 1976, the Commission heard and approved the assignment of the State leases from the Anza Pacific Corporation to Anza Shareholders' Liquidating Trust. Anza Pacific was reorganized as a liquidating trust for financial reasons.

All subletting of State lands by Anza is subject to Commission consent, and the sublease described below has been recently submitted for Commission review and approval.

CURRENT SUBLEASE APPROVAL REQUEST:

Anza Shareholders' Liquidating Trust to Hospitality International, Inc.; a 5.3 acre site at Burlingame; San Mateo County. Existing rent of \$2,625 per annum to the State, to continue until June 30, 1988, after which time, the rental to the State will be one-half of the net income to Anza or its successors.

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-1-

CALENDAR PAGE	27
MINUTE PAGE	28

CALENDAR ITEM NO. 17. (CONTD)

This sublease covers the land described in State lease Nos. PRC 4685.1 and PRC 4686.1. The subleased premises will be used for the purpose of operating a nightclub, theater, cocktail lounge, 1 or more restaurants, game room, discotheque and related purposes. The total area of the sublease premises is approximately 5.3 acres.

The subject land was earlier to have been sublet to Flowers - Gafaell and Associates, Inc., as approved by the Commission by Minute Item No. 37 dated September 29, 1977. Since that time, Anza and Flowers decided to terminate the sublease. The improvements to be constructed are the same as those agreed between Anza and Flowers, and staff reiterates its recommended approval therefor.

The general terms of the sublease between Anza and Hospitality are as follows:

Term: 35 years from February 1, 1980.

Rent (to Anza): \$8,800 per month, and percentage of gross sales.

Renewal options: 2 additional terms, 10 years each.

Insurance: Public liability; \$1,000,000 per person and \$3,000,000 per occurrence.

Property damage; \$500,000. It is noted herein that paragraph 7 of the sublease requires all insurance policies to name the State Lands Commission as additional insured.

Other: Sublease subject to State ground leases PRC 4685.1 and 4686.1.

The terms of Agreement No. 131 included the adoption of a master plan as to land

CALENDAR ITEM NO. 17. (CONTD)

use of the subject State property. The uses therein were agreed to be a commercial restaurant and tourist shop. The applicant's efforts to so improve the properties have not attracted prospective lessees and the current proposal for development, as earlier described, has been offered as a financially viable alternative. The staff believes that the applicant's proposal is reasonable, and that it coincides with those provisions of Agreement No. 131 which permit a change of use upon mutual concurrence between Anza and the Commission.

A right of first refusal is included in the sublease. It provides that the sublessee may purchase the leasehold interests of Anza, under certain conditions. Any such sale would be referred to the Commission for approval.

Environmental concerns on the proposed development have been handled by the City of Burlingame as lead agency. The applicant has provided a negative declaration and notice of determination on the project as issued by the city, in 1977.

OTHER PERTINENT INFORMATION:

1. According to the applicant, this project requires approval only from the State Lands Commission and from the City of Burlingame. The applicant states that the proposed work is exempt from the approval of other agencies. The Bay Conservation and Development Commission (BCDC) has asserted jurisdiction within the 100' shoreline band, however, and the applicant is cooperating with BCDC to establish a pedestrian walkway along the Bay front. The sublease will be conditioned on the applicant specifically obtaining a permit from the BCDC under its 100-foot shoreline band jurisdiction for public access only (Government Code Section 66632.4).
2. Anza's request for this sublease approval has been reviewed and considered accep-

CALENDAR ITEM NO. 17. (CONTD)

table. The terms of the proposal appear to be consistent with the provisions of Agreement No. 131 and State leases PRC 4685.1 and PRC 4686.1.

DEVELOPMENT HISTORY:

1. In 1969, the State Lands Commission and the Office of the Attorney General became aware of filling and reclamation activity in a 146-acre parcel in Burlingame on the west side of San Francisco Bay. The State Lands Commission and the Office of the Attorney General took action to halt the filling operations and began negotiations to perfect its title within the 146-acre parcel.
2. In the course of the development, Anza Pacific had already successfully petitioned the Burlingame City Council for the formation of Reclamation District 2097. The Reclamation District has issued bonds in the amount of \$1,964,000. The total bond service charge was \$2,598,968. These bonds were scheduled for complete retirement in 1983. Two additional series of bonds had been authorized and substantially issued. The first was in the amount of \$1,207,627 of 1915 improvements bonds. An additional \$94,500 was outstanding in 1911 improvement act bonds. The 2 bond issues were scheduled to be repaid completely in 1988. In addition to the bonded indebtedness, there were trust deeds against the property in the amount of \$2,910,000. In the event of default by Anza Pacific Corporation, it was the opinion of the Attorney General that the State would be liable for the indebtedness against the property. As a part of the final settlement agreement which was approved by the State Lands Commission in June of 1972, the Anza Pacific Corporation and Transamerica Title Company agreed to take full responsibility and retire all the bonded indebtedness and trust deed liens. Thus the 2 corporations assumed full responsibility

CALENDAR ITEM NO.17. (CONTD)

for \$6,811,095 in debts a portion of which could have become liens against the State property.

3. In addition to the agreement to retire the bonded indebtedness and trust deed liens, the State gained clear title to 46 acres within the 146-acre site. Anza additionally dedicated a 25'-wide strip around the perimeter of the 146-acre parcel for public use. Anza at its sole expense, created a 12-acre lagoon within the property which passed to the State. Anza and the County of San Mateo also established a small fishing park on the southeasterly corner of the area.
4. The sublease for the area covers 2 of the parcels received by the State in the 1972 transaction. It is only the fourth sublease which Anza has been able to provide for the properties. Anza, without benefit of income from the properties, has been retiring the bonded indebtedness and the trust deed liens on the entire property.

EXHIBITS: A. Land Description. B. Location Map.
 C. Negative Declaration.
 D. Notice of Determination.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS PROJECT BUT THAT A NEGATIVE DECLARATION HAS BEEN PREPARED BY THE CITY OF BURLINGAME, ON SEPTEMBER 20, 1977.
2. CERTIFY THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED IN THE NEGATIVE DECLARATION.
3. DETERMINE THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
4. APPROVE, BY ENDORSEMENT, THE 35-YEAR SUBLEASE TO HOSPITALITY INTERNATIONAL, INC., IN CONSIDERATION OF THE STATE BEING NAMED AS ADDITIONAL INSURED IN PUBLIC LIABILITY INSURANCE WITH COVERAGE OF \$3,000,000 PER OCCURRENCE FOR PERSONAL INJURY AND \$500,000 FOR PROPERTY DAMAGE; STATE REVIEW OF ANY SALE OF THE SUBLESSOR'S LEASEHOLD

CALENDAR ITEM NO. 17. (CONTD)

INTEREST, ISSUANCE OF BCDC PERMIT FOR PORTION WITHIN THE 100' SHORELINE BAND AND OTHERWISE SUBJECT TO THE TERMS AND CONDITIONS OF THE STATE LEASES PRC 4685.1 AND PRC 4686.1; FOR A NIGHTCLUB, THEATER, COCKTAIL LOUNGE, 1 OR MORE RESTAURANTS, GAME ROOM, DISCOTHEQUE, AND RELATED PURPOSES, ON THE LAND DESCRIBED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

5. RESCIND THE AUTHORIZATION CONTAINED IN CALENDAR ITEM NO. 37 OF MINUTE ITEM NO. 37, DATED SEPTEMBER 29, 1977.
6. AUTHORIZE THE EXECUTION OF ALL DOCUMENTS NECESSARY TO EFFECTUATE THESE DETERMINATIONS, CERTIFICATIONS AND APPROVALS.

EXHIBIT "A"

LAND DESCRIPTION

WP 4686

Two parcels of land in San Mateo County, California, said parcels being situated in projected Section 18, T4S, R4W, MDM, more particularly described as follows:

PARCEL NO. 1

BEGINNING at the most northerly corner of Lot 1 of Block 9 as said lot and block are shown on that certain map of Anza Airport Park Unit No. 6 which map was filed for record on February 27, 1970, in Volume 70 of Maps at Page 33, Records of San Mateo County, California; thence from said point of beginning along the exterior line of said Lot 1 the following courses: S 31° 29' 39" E, 206.47 feet; S 35° 56' 54" W, 278.48 feet; and along the arc of a curve to the left tangent to a line that bears N 54° 03' 06" W, having a radius of 628 feet, a central angle of 10° 56' 54" and an arc length of 120.00 feet to a point in the exterior line of said Anza Airport Park Unit No. 6; thence continuing along the arc of a curve to the left tangent to a line that bears N 65° 00' 00" W, having a radius of 628 feet, a central angle of 11° 34' 43", an arc length of 126.91 feet; thence N 0° 16' 59" W, 297.66 feet to the north line of said Section 18; thence along said north line N 89° 43' 01" E, 280.00 feet to the point of beginning.

BEING Lot 1, Block 9, as shown on the above mentioned Map and adjoining acreage.

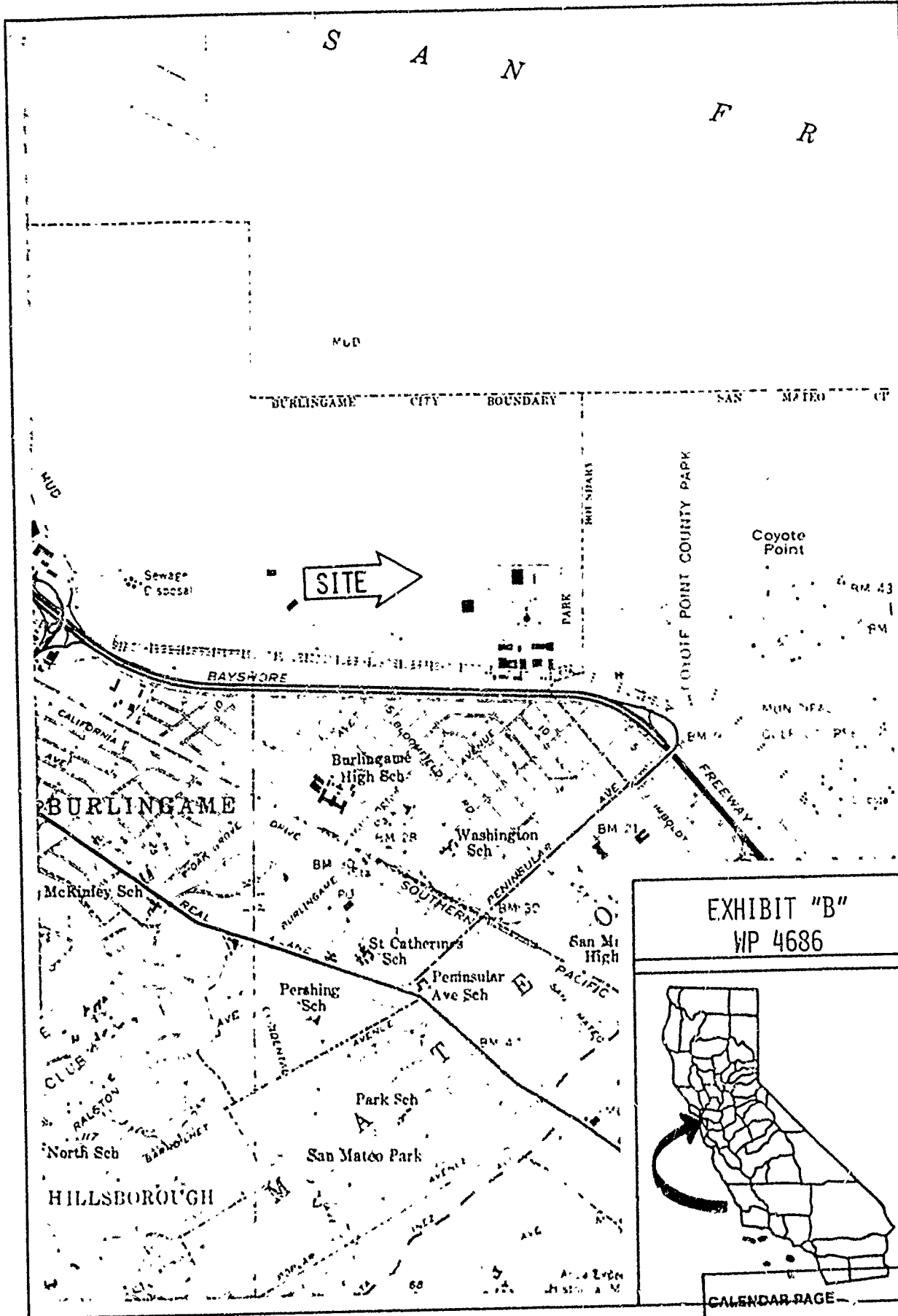
PARCEL NO. 2

Lots 4 and 5 in Block 9, as said Lots and Block are shown on that certain Map of Anza Airport Park Unit No. 6 which Map was filed for record on February 27, 1970, in Book 70 of Maps at Page 33, Records of San Mateo County, California.

END OF DESCRIPTION

Prepared Jack L. Garcia Checked Cris H. Perry
Reviewed D. E. Schumann Date 2/8/79
B. J. Minnick

CALENDAR PAGE	<u>101</u>
MINUTE PAGE	<u>294</u>



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BURLINGAME CITY BOUNDARY SAN MATEO CT

SITE

EXHIBIT "B"
WP 4686



CALENDAR PAGE 102
MINUTE PAGE 295





NEGATIVE DECLARATION

Negative Procedure
5/ /73, Subject to Revision

EXHIBIT "C"
450 AIRPORT BOULEVARD
Project Address or Location

TO: COUNTY CLERK
County of San Mateo
Redwood City, California 94063

File No. ND-134P

Project Title: JILLY'S ENTERTAINMENT CENTER

Type of Permit: Special Permit

Legal Description: All of State Parcels 7 and 8 (APH 026-361-120 & 170); Lots 1, 4 & 5, Block 9, Anza Airport Park Unit No. 6 and portions of Lots 2 & 3, also of Block 9 (APH 026-361-150 & 160)

Zone: C-4

Property Owner: State of California
Name: Trust and fee title land owned by c/o Anza Shareholders' Liquidating Trust and Anza Shareholders' Liquidating Trust
Address: 433 Airport Blvd.
Burlingame, CA. 94010

Applicant: Flowers, Gafaell & Associates & Anza Shareholders' Liquidating Trust
Name: Anza Shareholders' Liquidating Trust
Address: 433 Airport Blvd.
Burlingame, CA. 94010

Contact Person: David H. Keyson Area Code: 415 Phone: 342-5711

PROJECT DESCRIPTION: Specialty restaurant with seating for 150, cocktail lounge and game room with seating for 99, discotheque with seating for 136 and showroom with seating for 600 and approx. 374 parking spaces on 230,860 Sf of State land plus committed parking on about 33,000 SF of fee title land. Total project area 264,000 or 6.05 Ac MOL.

The City of Burlingame by Wayne M. Swan on September 20
19 77, completed a review of the proposed project and determined that:

() It will not have a significant effect on the environment.

(X) No Environmental Impact Report is required.

An initial study was prepared and submitted to the Council.

Reasons for a Conclusion: At regular meeting of City Council held Sept. 19, 1977 it was determined that an EIR is not necessary. Project is a permitted use under Sec. 25.41.020(j) of the Waterfront Commercial District Regulations. Traffic impact of this land use has been estimated and incorporated in the Bayfront land use and traffic studies currently being prepared by Consultants. City and Consultants assume this project will materialize by 1980 and become an important and economically advantageous land use. It appears to be consistent with the proposed bayfront plan, existing zoning regulations and settlement Agreement between Anza and the State of California.

September 20, 1977

Date Signed

Wayne M. Swan
Signature of Processing Official

CITY PLANNER

Title

Unless appealed within 10 days hereof the date posted, the determination shall be final.

Date Posted: September 20, 1977

DECLARATION OF POSTING

I declare under penalty of perjury that I am a Deputy City Clerk of the City of Burlingame and that I posted a true copy of the above Negative Declaration at the City Hall of said City near the doors to the Council Chambers on:

September 20, 1977

Executed at Burlingame, California, on September 20 1977 :

Appealed: () Yes () No

ATTEST: Evelyn H. Hill
EVELYN H. HILL, City Clerk
City of Burlingame

Deputy City Clerk

CALENDAR PAGE 103

MINUTE PAGE 296



NOTICE OF DETERMINATION

450 AIRPORT BOULEVARD

Tentative Procedure
5/1/74, Subject to Revision

Project Address or Location

EXHIBIT "D"

SEP 26 1977

TO: COUNTY CLERK
County of San Mateo
Redwood City, CA. 94063

File No. RD-134P

Project Title: JILLY'S ENTERTAINMENT CENTER

Applicant's Name: Flowers, Gefaell & Assoc. and Anza Shareholders' Liquidating Trust

Address: 433 Airport Boulevard City: Burlingame Zip: 94010

County: San Mateo

Contact Person: David H. Keyston Area Code 415 Phone: 342-5711 Ext. _____

PROJECT DESCRIPTION; LOCATION:

A specialty restaurant, bar, game room, disco and "showroom" with seating arrangements for 600 to 1200 people at Anza Pacific Place on the shoreline of San Francisco Bay with 350 ± space parking area extending to Airport Boulevard across from the office building at 433 Airport Boulevard.

The City of Burlingame, by Wayne M. Swan on September 20, 1977, completed a review of the proposed project and determined that:

- 1. The project is exempt from CEQA requirements as:
 - ONGOING PROJECT
 - FEASIBILITY AND PLANNING STUDY
 - CATEGORICAL EXEMPTION
 - EMERGENCY PROJECT
 - MINISTERIAL PROJECT

2. It ~~(XXXXXX)~~ will not) have a significant effect on the environment.

3. ~~(XXXXXX)~~ The Planning Commission after public hearing must find that the proposed uses are compatible with the stated purposes of the C-4 District per Municipal Code Sec. 25.41.020(j).

Reasons for Conclusion:

It was determined by the Burlingame City Council at their regular meeting held on the 19th day of September, 1977 that an environmental impact report is not necessary.

An Environmental Impact Report (EIR) has not been prepared pursuant to the provisions of the California Environmental Quality Act of 1970, as amended.

September 20, 1977

Date Signed

Signature of Processing Official

Date Posted: September 22, 1977

City Planner

Title

TEST:

SEP 27 10 51 AM '77

RECEIVED

STATE LAND COMMISSION

00104

Evelyn H. Hill
EVELYN H. HILL, City Clerk
City of Burlingame

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