

City to Pay \$7.75 Million to Settle Lawsuit

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By Amy Sylvestri

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The city has settled a lawsuit that was brought against it by a family that owns property at the Bayfair Shopping Center.

The city will pay \$7.75 million to the estate of Douglas King, which sued San Leandro and the

city's redevelopment successor agency last winter over rent on 3.7 acres the family owns which is the site of the parking lot near the Bayfair movie theater, according to City Attorney Jayne Williams.

The King family had leased the property to Bayfair 580 LLC and the city's redevelopment made a guarantee on the deal in the year 2000 because of the city's strong desire to get a movie theater.

So when Bayfair 580 LLC went bankrupt last year and stopped paying rent, the Kings went after the city to pay up.

The King family originally sought \$46 million which would have been the total amount of paying off the lease, but settled for \$7.75 after a year of negotiations, Williams said.

Complicating matters is the fact that the city's redevelopment agency was dissolved last year, so the matter has been handled by the redevelopment successor agency.

“The complexity was whether the redevelopment agency – as it no longer exists – had any liability,” said Williams.

The successor agency is there to “unwind” current projects. They have to get their expenditures vetted by the state department of finance, which is the next step in finalizing the settlement.

Bayfair 580 LLC has filed for bankruptcy and has no assets, so the city cannot attempt to recoup funds from them, according to Williams.

The money will be paid over a five-year period from the redevelopment fund.

Anthony Varni, the King family’s attorney, did not return calls for comment.

CAPTION: The King property at Bayfair has become a place where people dump garbage that never seems to be cleaned up.

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