



AGENDA REPORT

SAN CLEMENTE CITY COUNCIL MEETING
Meeting Date: May 4, 2021

Agenda Item 9E

Approvals:

City Manager CS BS

Dept. Head _____

Attorney _____

Finance SLP

Department: Finance & Administrative Services
Prepared By: Jonathan Lightfoot, Economic Development Officer

Subject: *DECLARATION OF SURPLUS LAND, 100 AVENIDA PRESIDIO*

Fiscal Impact: Yes. There will be a future one-time revenue or recurring lease revenue should the City sell or lease the property as a result of the Surplus Land Act process or subsequent negotiations. The property was appraised in 2016 for \$15,000,000, and real estate values have increased since that time. Offers to buy or lease the land from developers will vary depending on proposed use and additional due diligence, such as geotechnical surveys, that will help to determine the cost to redevelop the site.

Summary: City Policy 901-1¹ sets forth the guidelines for the disposition of City owned property which is unused. The most recent review and declaration of surplus property occurred in 2014 and included the lot at the corner of Avenida Vista Hermosa and Avenida La Pata among others. The final City Property Analysis document is available on the city website². The former City Hall site, vacated in 2019, was not reviewed at that time. To dispose of the property as the City Council has directed, the City must follow the current Surplus Land Act Guidelines³, which went into effect on January 1, 2020. The first step in that process is to formally declare the property as surplus in a public meeting.

Background: The City began exploring alternatives for City Hall and the Council chambers in 2016 after the City's insurance would no longer cover operations at the facility due to the presence of asbestos. City Hall was relocated to 910 Calle Negocio in 2019 where Community Development offices were already headquartered. Police services, also formerly located at 100 Avenida Presidio, are in process of being collocated at City Hall. The City Council decided that it was preferable to relocate services rather than to mitigate or redevelop the 100 Avenida Presidio site through various discussions between 2015 and 2018.

In 2019, the state's regulatory requirements regarding surplus land were altered by the state legislature. Even though the City began contemplating disposal of the property prior to the effective date of the Surplus Land Act (SLA) amendments, the City will need to follow the updated standards published in April 2021. This process will include three steps:

¹ <https://www.san-clemente.org/home/showpublisheddocument/21026/636210460296630000>

² <https://www.san-clemente.org/home/showpublisheddocument/26706/635917318226730000>

³ https://www.hcd.ca.gov/community-development/docs/sla_guidelines_final.pdf

1. Designating the property as surplus in a public meeting;
2. Sending notices of availability (NOA) to the Department of Housing and Community Development (HCD), to any local public entity (e.g., school or special district) within the jurisdiction where the surplus local land is located, and to developers who have notified HCD of their interest in developing affordable housing on surplus local land;
3. Allowing 60 days for responses to the NOA before commencing a 90-day negotiation period with any parties that have submitted a timely letter of interest regarding the property.

If the City does not receive any letters of interest or does not agree to terms with any party that submitted a letter of interest, then the City may proceed with an RFP process to dispose of the land. The City must, however, provide a disposition summary to HCD as indicated within the HCD's SLA Guidelines.

Discussion: Prior to the effective date of the new SLA regulations, the City had already initiated a sealed bid process for the property at 100 Avenida Presidio. That process is hereby terminated, and the City will proceed with the required SLA noticing and negotiation procedures. City staff will invite respondents from the 2019 bid process to participate in the SLA process. Staff will communicate the minimum affordability standards required by the SLA guidelines to these parties.

Recommended Action: STAFF RECOMMENDS THAT the City Council declare the property at 100 Avenida Presidio as surplus and direct staff to proceed with the notice and negotiation procedures prescribed in the HCD's Guidelines.

Attachments: None

Notification: Participants in the 2019 sealed bid process