City of FRESNO **REPORT TO THE CITY COUNCIL**

AGENDA ITEM NO. 1 I

Council Meeting December 9, 2008

APPROVED BY

DEPARTMENT DIRECTOR

December 9, 2008

Presented to City Council
Date 12/9/08
Disposition Approved

FROM: PATRICK N. WIEMILLER, Director
Public Works Department

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Parks, After School, Recreation & Community Services Department

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Public Works Department, Engineering Division

SUBJECT: APPROVE THE ACQUISITION OF THE FORMER DENSMORE PROPERTY AT 665 FULTON STREET FROM PROPERTY OWNER: TAVIE DEVELOPMENT (COUNCIL DISTRICT 3)

KEY RESULT AREA

Customer Satisfaction

RECOMMENDATION

1. Consider and adopt a Mitigated Negative Declaration for the acquisition of the subject property.

2. Approve the acquisition of an 18,900 square foot building on 0.60 acres of property locatedat the corner of Mono and Fulton Streets for $650,000 from Tavie Development.

3. Authorize the Assistant City Manager or designee to sign all documents necessary to complete the transaction.

EXECUTIVE SUMMARY

The Densmore building at 665 Fulton Street is owned by Tavie Development. The owners moved out of the facility after 40 years at that location and last year, the property was listed with a commercial real estate firm for either lease or purchase. An appraisal was conducted by Jim Palmer, MAI at the request of the Redevelopment Agency and a fair market value of $653,000 was established. After several months of discussions with the owners, Real Estate Services, Economic Development, Redevelopment Agency, the PARCS Department and the City Manager's Office, the parties agreed to a purchase price of $650,000 with the seller picking up all the closing costs associated with the sale and any real estate commissions. The purchase of this property utilizes a portion of the cash balance of Citywide Park Impact Fees in anticipation of green space needs of planned Downtown residential development. The park will be built using

future Park Impact Fees received from downtown residential building activity. In the interim, the City will inherit a month to month tenant which is currently paying $24,000 per year. PARCS has also stated that if the facility becomes vacant, it can utilize the building for storage until such time as a neighborhood park is developed.

Staff recommends the Council approve the acquisition.

KEY OBJECTIVE BALANCE

Customer Satisfaction will be achieved by purchasing this property now that it is available. Further the City as stated earlier has several prospective uses to make use of the building in the interim. The property owner can now explore many options to reinvest the proceeds in another local community venture.

BACKGROUND

A Phase 1 environmental site assessment was completed on May 18, 2007, by Moore Twining Associates, Inc. of Fresno. The report, commissioned by the City of Fresno Water Division, included all properties bounded by Mono Street, Fulton Street, Ventura Street and Broadway in which the subject property is located at 665 Fulton Street. The environmental study gave the property a clean bill of health and concluded its report by saying, "there are no violations on file with this facility." Since the building is less than 50 years old, it is not listed as an historical structure.

Further, the City employed Urban Planning Consultant Rebecca Fraser to conduct a Mitigated Negative Declaration for the acquisition of the subject property. The environmental assessment number is listed under EA-PW 2008-08. The report stated, "The proposed project will not result in any adverse effects, which fall within the Mandatory Findings of Significance contained in Section 15065 of the State CEQA Guidelines. The finding is therefore made that, with such revisions, there is no substantial evidence in the record that the proposed project may have a significant adverse effect on the environment."

With no public input received during the open comment period, which expired on Friday, November 28, 2008, this Mitigated Negative Declaration is now deemed final and completed in the manner specified by Section 12-505 of the Fresno Municipal Code. With 18,900 square feet of secured building and office space, the City can put the building to good use until such time as when the park is constructed. As mentioned earlier, the $650,000.00 is already in the adopted budget for the Downtown Park (PC00091). With City Council approval, payment will be made to Fidelity National Title which is the escrow holder and then a grant deed will be recorded in favor of the City of Fresno. Staff recommends the Council approve the acquisitions.

The beneficiaries of this transaction will be the City of Fresno and its ability to continue leasing, store or use up to 18,900 square feet of office and building space. Existing and future residents, visitors and businesses in the area will also be able to enjoy the property when it is eventually converted to a neighborhood downtown park.

FISCAL IMPACT

Funds for this purchase are derived from Citywide Park Impact Fees, with the appropriations included in the FY 2009 Adopted Budget (Parks Capital Improvement Plan).

PNW/RC/SLM/CH/esm
Apprv Ac of Former Densmore Prop 12-9-08