



# COUNCIL REPORT

**DATE:** September 13, 2022

**CATEGORY:** Consent

**DEPT.:** Public Works,  
Community Services

**TITLE:** **Approve the Acquisition of Real Property at 909 San Rafael Avenue (APN: 153-18-012) and 917 San Rafael Avenue (APN: 153-18-027)**

## **RECOMMENDATION**

1. Approve the acquisition of property located at 909 San Rafael Avenue (APN: 153-18-012) owned by ECI Four San Rafael LLC.
2. Approve the acquisition of property located at 917 San Rafael Avenue (APN: 153-18-027) owned by Mary M. Mountz as Successor Trustee of the Marian P. Turner Family Trust 917 San Rafael Avenue, Mountain View, California.
3. Approve a midyear Capital Improvement Program project, Acquisition of 909 and 917 San Rafael Avenue, and transfer and appropriate \$20.4 million from the Park Land Dedication Fund to the new project. (Five votes required)
4. Authorize the City Manager or designee to execute all documents and take all necessary actions related to the acquisition of 909 San Rafael Avenue (APN: 153-18-012) and 917 San Rafael Avenue (APN: 153-18-027).

## **BACKGROUND**

There are two adjacent properties for sale on San Rafael Avenue in the Terra Bella neighborhood that, when combined, could become an approximate 1.66-acre park (Figure 1). The Terra Bella neighborhood is in the Stierlin Park Planning Area, which currently has 2.3 acres of parks and open space per 1,000 persons (Figure 2). The closest park for the Terra Bella neighborhood is the two-acre San Veron Park on West Middlefield Road.



Figure 1: Location of 909 and 917 San Rafael Avenue

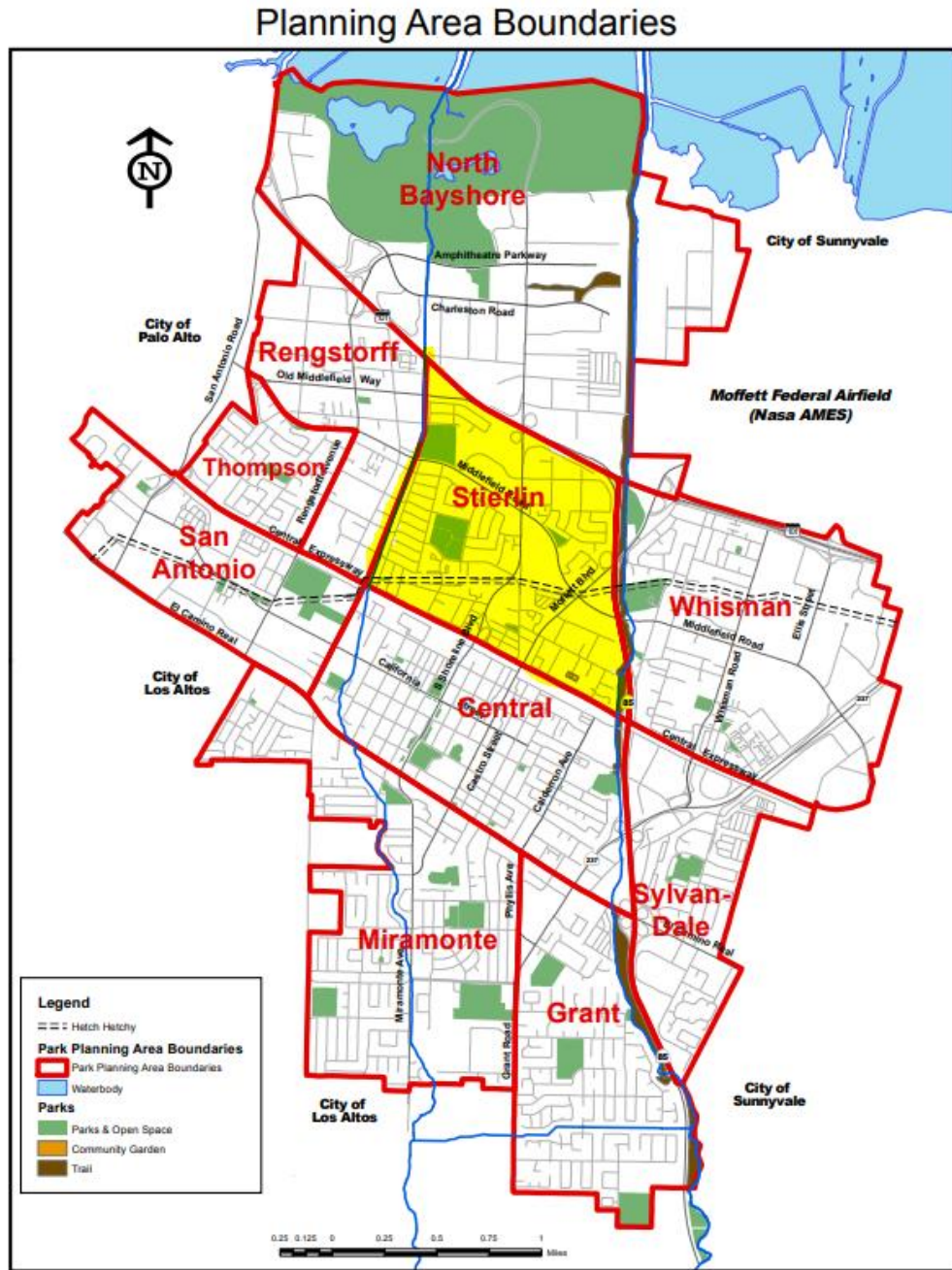


Figure 2: Stierlin Park Planning Area

### 909 San Rafael Avenue

The property at 909 San Rafael Avenue (Figure 1) is a 0.87-acre parcel (37,897 square feet) and is improved with a 13,800 square foot, single-story office/R&D building that was built in 1966. The building has a tenant in place paying a monthly rent of \$40,000 with the lease expiring in

September 2023. An Environmental Site Assessment Phase I report, commissioned by the City, has confirmed the property is not likely to contain any environmental issues.

### **917 San Rafael Avenue**

The property at 917 San Rafael Avenue is adjacent to 909 San Rafael Avenue (Figure 1) and is a 0.79-acre parcel (34,500 square feet). It is improved with a 1,134 square foot residence that was built in 1924 and is currently vacant. An historic assessment of the property has indicated that the property and house are not historically significant. In addition, an Environmental Site Assessment Phase I report, commissioned by the City, confirms the property is not likely to contain any environmental issues.

### **ANALYSIS**

Staff recommends that both properties be acquired for the development of a new park. There is an existing single-family neighborhood immediately to the south of these parcels. There are also residential development projects in planning and construction phases on Terra Bella Avenue, a block north of these parcels. A park in the vicinity of this new housing is highly desirable and will contribute toward reaching the City goal of three acres per 1,000 residents for the Stierlin Park Planning Area.

### **909 San Rafael Avenue**

Because this property is actively listed for sale, the City is not required to have the property appraised and can negotiate a purchase price. The list price of \$10.35 million is within the realm of market value, and in negotiations, the property owner has agreed to accept \$10.25 million. In addition to the purchase price, the City is required by State law to pay all escrow fees and closing costs, per Government Code, Section 7260, *et seq.*

The following terms are recommended to be included in the purchase and sale agreement (PSA) for 909 San Rafael Avenue:

- The City will purchase the property for \$10.25 million and pay all closing costs.
- Purchase price is contingent on review of title and review of current lease terms.
- The City will provide a \$250,000 deposit in escrow. The deposit is refundable to the City in the event the City terminates the PSA during the 45-day due diligence period, when the City will review title, current lease terms, and other property documentation. The deposit is not refundable should the City terminate the PSA after the due diligence period.



As noted above, there is a current industrial tenant paying a monthly rent of \$40,000 with a lease that will expire in September 2023. A new park takes up to 18 months to design once a project manager and funding are available; therefore, it will be to the City's advantage to receive this rental income until the lease's expiration date.

The total acquisition and other property-related costs are estimated to be \$11.2 million. In addition to purchase price, closing costs, and City administrative fee, this budget includes \$100,000 for tenant relocation expenses and \$100,000 for any unforeseen building repairs required of the City as the landlord. The City is required to pay tenant relocation expenses even if the lease expires.

### **917 San Rafael Avenue**

The property is listed for sale at an undisclosed price; however, the broker indicated the property was in contract previously for \$10.1 million. The City obtained an appraisal from a reputable appraiser and, using the appraised value, staff negotiated a purchase price of \$8.5 million with the property owner. The following terms are recommended to be included in the PSA for 917 San Rafael Avenue:

- The City will purchase the property for \$8.5 million and pay all closing costs.
- Price is contingent on title review.

The total acquisition and other property-related costs are estimated to be \$9.2 million. In addition to purchase price, closing costs, and City administrative fee, the recommended budget includes the following:

- \$75,000 for demolition of the house and other structures on the property. The house is vacant and in poor condition. It and other structures on the property must be removed for the future park construction and should be demolished as soon as possible to prevent it from becoming an attractive nuisance.
- \$100,000 to close a well on the property that was identified in the Environmental Site Assessment Phase I report. It is recommended that the well be properly closed as soon as possible to avoid it becoming a hazard.
- \$25,000 to fence off the property until the park can be designed and constructed.

### **Environmental Clearance**

In accordance with the requirements of the California Environmental Quality Act (CEQA), under Public Resources Code, Section 21080.28, CEQA does not apply to the acquisition of land for preservation of lands for park purposes. Acquisition of these properties has also been determined to be categorically exempt as Class 25, acquisition to preserve lands for park purposes.

### **FISCAL IMPACT**

The total cost for acquiring 909 San Rafael Avenue and 917 San Rafael Avenue, including incidental real estate and property work, is \$20.4 million. There is currently \$34,214,957 available in the Park Land Fund for the Stierlin Park Planning Area, including \$4,395,557 committed for open space acquisition and \$29,819,400 in uncommitted fees (Attachment 1). There is sufficient funding available in the Park Land Dedication Fund for this property acquisition.

Design and construction of a 1.66-acre park are estimated to cost between \$5.0 million and \$7.0 million. After expending all of the open space acquisition funds and a portion of the uncommitted funds, there will be approximately \$13.8 million remaining in uncommitted Park Land funds for the Stierlin Park Planning Area, which is sufficient for the design and construction of the park. Should the property acquisitions be approved by Council and successfully executed, staff will add the park development to the five-year Capital Improvement Program to be adopted by the City Council in June 2023.

### **ALTERNATIVES**

1. Do not approve the acquisition of the properties.
2. Authorize a different amount for the purchase of the properties.
3. Appropriate project funding from another source than the Park Land Dedication Fund.
4. Provide other direction.

**PUBLIC NOTICING**

Agenda posting and a copy of this report was sent to the property owners and the property owners' brokers.

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ALM/EP/4/CAM  
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Attachment: 1. Park Land Fund Commitment