



Legislation Text

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REPORT TO THE CITY COUNCIL

October 15, 2020

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Office of Mayor and City Manager's Office

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SUBJECT

Actions pertaining to the acquisition of 1625 G Street (APN 465-084-30):

1. Adopt a finding that this approval is exempt from the requirements of CEQA pursuant to the common sense exemption set forth in CEQA Guidelines 15061(b)(3), and that it can be seen with certainty that there is no possibility that this approval will have significant effect on the environment.
2. Approve Purchase and Sale Agreement with 1626 Fresno MRP, LLC, in the amount of \$5,750,000 for real property located at 1625 G Street (APN 465-084-30) (District 3).

RECOMMENDATION

Staff recommends the City Council adopt a finding that this approval is exempt from the requirements of CEQA pursuant to the common sense exemption set forth in CEQA Guidelines 15061(b)(3); approve a Purchase and Sale Agreement with 1626 Fresno MRP, LLC, in the amount of \$5,750,000 for real property located at 1625 G Street (APN 465-084-30); and authorize the City Manager, or her designee, to sign all documents necessary to complete the transaction.

EXECUTIVE SUMMARY

Increased demand for City services has caused various departments to outgrow existing facilities. To efficiently meet current and future service needs, the Department of Public Utilities is considering the acquisition of 1625 G Street for a new Operations and Maintenance Facility. The Facility would consolidate office space, warehousing, maintenance shops and equipment yards for the Water Division, Solid Waste Management Division, Utilities Planning and Engineering (UP&E), and Administration services. Approval of the Purchase and Sale Agreement provides the City an exclusive right to negotiate and a 75-day due diligence period to conduct environmental site

assessments and building inspection. Funding is included in proposed FY 2021 Revised Budget to support property acquisition.

BACKGROUND

Increased demand for City services has caused various City departments to outgrow existing facilities. This includes DPU which presently utilizes space at City Hall for Administration staff, and the Municipal Services Center (MSC) for Solid Waste operations, refuse vehicle parking, and UP&E services. DPU also conducts Water Division operations along with vehicle parking and fleet maintenance at the McKinley/Effie Street corporation yard.

The MSC located on 2101 G Street and the McKinley/Effie Street Water corporation yard began operational service during the 1970's and 1950's respectively. The City's population has grown by 400,000 since the 1950's causing substantial growth in City operations. Due to the age of existing facilities and need to expand City services, DPU is considering the acquisition of property at 1625 G Street for a new Facility. The Facility would allow DPU to co-locate the Water Division, Solid Waste, UP&E and Administration services to efficiently meet current and future service needs. The Facility would also accommodate a future vehicle maintenance facility for use by DPU and other Divisions. Lastly, the acquisition of this property would allow the City to consolidate operations that are currently leased from external entities back to City owned properties, thereby reducing associated costs.

The property at 1625 G Street is approximately 14.8 acres and includes 220,000 square feet of office/warehouse space and 577 parking stalls. The current zoning is light industrial. The parcel also has an existing two-megawatt electrical service which is sufficient for existing operational needs. It is located 1,000 feet from the MSC which allows the use of existing fueling and fleet maintenance infrastructure. No offsite improvements would be required for the Facility. Acquisition of the property would maintain DPU operations and services in the City's downtown area.

To move forward with the property acquisition, City Administration is recommending the approval of a Purchase and Sale Agreement with 1626 Fresno MRP, LLC, in the amount of \$5,750,000. The agreement provides the City an exclusive right to negotiate and a 75-day due diligence period to conduct environmental site assessments and building inspection. Funding for the acquisition is included in the proposed Fiscal Year 2021 Revised Budget. The Purchase and Sale Agreement has been approved as to form by the City Attorney.

ENVIRONMENTAL FINDINGS

CEQA Guidelines Section 15061(b)(3) states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Here the City's acquisition of the former Fresno Bee building is limited to the acquisition itself, no further components to the project are known to the City at this time, and the City is not committing to any other actions that would have a reasonably foreseeable impact to the environment. Because the property acquisition will not result in any expansion of use or construction, it can be seen with certainty that there is no possibility that the mere transfer of ownership will have a significant effect on the environment. As such, this approval is exempt from the requirements of CEQA pursuant to CEQA Guidelines Section 15061(b)(3)

LOCAL PREFERNCE

Local preference was not considered because the acquisition of this property does not include a bid or award of construction or services contract.

FISCAL IMPACT

There is no impact to the General Fund. This Project is located within Council District 3. During the preparation of the Fiscal Year 2021 Revised Budget, funding for the acquisition of this property and some preliminary relocation costs was included. These funds will be available after the adoption of the proposed budget, scheduled by the end of October 2020. Appropriations are apportioned between the Water Enterprise Fund Capital Improvement Program (40101) and the Solid Waste Management Fund Capital Improvement Program (41001). The source of funding for the Water Division share will be directly from Water Enterprise Fund proceeds and the Solid Waste Management Division share will be through an internal loan (revenue transfer) from the Water Enterprise Fund, to be repaid over a period of five years.

Attachments:

- Purchase and Sale Agreement
- Vicinity Map