



Legislation Details (With Text)

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Title: Actions pertaining to the sale of approximately ± 0.74 acres of land at the northeast corner of Inyo and M Street (APN 468-212-20T) to Metro Hospitality Services, Inc.:

1. Adopt a finding of Categorical Exemption pursuant to Section 15332/Class 32 of the California Environmental Quality Act (CEQA) Guidelines.
2. Approve the Disposition and Development Agreement with Metro Hospitality Services, Inc. for the sale of approximately ± 0.74 acres of land at the northeast corner of Inyo and M Street (APN 468-212-20T) Hospitality Services for \$644,688 (District 3)

Sponsors: Office of Mayor & City Manager

Indexes:

Code sections:

Attachments: 1. DDA M and Inyo 11-30-17.pdf

Date	Ver.	Action By	Action	Result
12/7/2017	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

December 7, 2017

FROM: WILMA QUAN-SCHECTER, City Manager
Office of the Mayor & City Manager

BY: LAURA GLORIA, Business Manager
Office of the Mayor & City Manager

SUBJECT

Actions pertaining to the sale of approximately ± 0.74 acres of land at the northeast corner of Inyo and M Street (APN 468-212-20T) to Metro Hospitality Services, Inc.:

1. Adopt a finding of Categorical Exemption pursuant to Section 15332/Class 32 of the California Environmental Quality Act (CEQA) Guidelines.
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RECOMMENDATION

Staff recommends the Council adopt a finding of Categorical Exemption pursuant to CEQA Guidelines Section 15332; approve the Disposition and Development Agreement (DDA) with Metro Hospitality Services, Inc. (Buyer) for the sale of property located on the northeast corner of Inyo and M Street, APN 468-212-20T, for \$644,688; and authorize the City Manager, or her designee, to sign all documents necessary to complete the transaction.

EXECUTIVE SUMMARY

The City received a letter of interest for the City-owned property located on Inyo and M Street and subsequently entered into negotiations for its disposition and development with an “AS IS” sales price of \$644,688. The proposed development will deliver a four star, 200 room hotel with amenities such as a swimming pool, spa, fitness center and ground floor parking and retail which will complement surrounding uses and activities occurring at the Fresno Entertainment and Convention Center.

BACKGROUND

The Asset Management Act (the Act) establishes the organization and parameters for citywide assets managed by a selected real estate brokerage firm based on a competitive process. The purpose of the Act is to provide an independent, objective analysis of City assets. The City Manager’s Office works directly with the Asset Managers to negotiate competitive leases, identify potential tenants, market properties, analyze and compare offers, and optimize opportunities.

Pursuant to the Act, the City entered into an agreement in March of 2015 with Cushman & Wakefield/Pacific Commercial Realty Advisors for professional real estate management services. The Asset Managers assist with real estate brokerage services including creating property disposition strategies to ensure the maximum market and optimal financial return.

The City received a letter of interest from the proposed Buyer for the City-owned property located on Inyo and M Street. The Asset Managers surveyed the market and prepared a Broker Opinion of Value (BOV) for the parcel and negotiated fair market value at \$644,688 or \$20/sq. ft. The proposed development will deliver a four star, 200 room hotel with amenities such as a swimming pool, spa, fitness center and ground floor parking and retail which will complement surrounding uses and activities occurring at the Fresno Entertainment and Convention Center. Buyer confirms it is purchasing the Property in “AS IS” condition and in reliance upon its own investigation of the present condition the property and all governmental laws and ordinances which might affect its use and development.

In order to ensure that the property is developed in a manner that complements the City’s recent investments in Downtown such as the opening of Fulton Street, Bus Rapid Transit and other nearby investments, the DDA is linked to an aggressive performance schedule which keeps the property in escrow until the Buyer receives all the required entitlements, permits, and approvals required for the construction of the project, and includes a safeguard that reconveys the land to the City if the Buyer does not deliver a completed project.

Staff recommends the Council adopt a finding of Categorical Exemption pursuant to CEQA Guidelines Section 15332; approve the Disposition and Development Agreement (DDA) with Metro Hospitality Services, Inc. (Buyer) for the sale of property located on the northeast corner of Inyo and M Street, APN 468-212-20T, for \$644,688; and authorize the City Manager, or her designee, to sign

all documents necessary to complete the transaction.

ENVIRONMENTAL FINDINGS

Staff has performed a preliminary environmental assessment of this project and has determined that it falls within the Categorical Exemption set forth in CEQA Guidelines Section 15332 as Infill Development. Furthermore, Staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project.

LOCAL PREFERENCE

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

Sale proceeds of \$644,688 will be deposited into the Disposition of Real Property Fund (Fund 21501). As these proceeds will not be received until FY 2019, recommendations for their expenditure will be brought forward by the Administration as a part of the FY 2019 Proposed Budget.

Attachment:
Disposition and Development Agreement