CITY OF EUREKA
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NOTICE OF PUBLIC HEARING

EUREKA CITY PLANNING COMMISSION

NOTICE IS HEREBY GIVEN that the Eureka City Planning Commission will hold a public hearing on Monday, July 9, 2018, at 5:30 p.m., or as soon thereafter as the matter can be heard, in the Council Chamber, Eureka City Hall, 531 "K" Street, Eureka, California, to consider the following application:

Project Title: Surplus Property Sale of 2112 Broadway (Eureka Chamber of Commerce Property); APN: 007-011-002

Project Applicant: City of Eureka

Case No: SP-18-0001

Project Location: 2112 Broadway (Eureka Chamber of Commerce Property); APN: 007-011-002.

Zoning and General Plan Designations: CS (Service Commercial)/GSC (General Service Commercial)

Project Description: The City is proposing to dispose of the property and improvements located at 2112 Broadway (Eureka Chamber of Commerce Property); APN: 007-011-002. The parcel is approximately 41,382 square feet and is owned by the City of Eureka. There is a 3,136 square foot wood-framed professional office building on the parcel owned by the Chamber of Commerce that will be included in the sale.

All interested persons are invited to comment on the project either in person, at the scheduled public hearing, or in writing. Written comments on the project may be submitted at the hearing or prior to the hearing by mailing or delivering them to the Development Services Department, 531 K Street, Eureka, CA 95501. Accommodations for handicapped access to City meetings must be requested of the City Clerk, 441-4175, five working days in advance of the meeting. If you challenge the nature of the proposed action in court, you may be limited to raising only those issues that you or someone else raised at the public hearing described in this notice or written correspondence delivered to the public entity conducting the hearing at or prior to the public hearing. The project file is available for review at the Development Services Department, Third Floor, City Hall. If you have questions regarding the project or this notice, please contact Lisa Savage, Project Manager, Phone: (707) 441-4186; fax: (707) 441-4202; e-mail: *lsavage@ci.eureka.ca.gov*

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EUREKA CITY PLANNING COMMISSION

STAFF REPORT
July 9, 2018

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Zoning and General Plan Designations: CS (Service Commercial)/GSC (General Service Commercial)

Project Description: The City is proposing to dispose of the property and improvements located at 2112 Broadway (Eureka Chamber of Commerce Property); APN: 007-011-002. The parcel is approximately 41,382 square feet and is owned by the City of Eureka. There is a 3,136 square foot wood-framed professional office building on the parcel that is owned by the Chamber of Commerce that will be included in the sale. The appraised value of the parcel and improvements proposed for surplus is $465,000.00.

Staff Contact Person: Lisa Savage, Project Manager; City of Eureka, Development Services Department, 531 "K" Street, Eureka, CA 95501-1165; phone: (707) 441-4186, fax: (707) 441-4202, email: lsavage@ci.eureka.ca.gov

Staff Recommendation: Hold a public hearing and adopt a Planning Commission Resolution finding the subject property proposed for surplus is not required for present or future public uses, that the surplus of the proposed portion is consistent with the City of Eureka's General Plan as required by Government Code §65402, and recommending the City Council surplus the property.

Suggested Motion: "I move the Planning Commission adopt a Planning Commission Resolution "A Resolution of the Planning Commission of the City of Eureka recommending the City Council determine the property located at 2112 Broadway, APN: 007-011-002, is surplus property."

Environmental: The sale of surplus property is a "project" pursuant to the California Environmental Quality Act (CEQA). However, pursuant to CEQA Guidelines, Categorical Exemption 15312 exempts the sale of surplus property except when the property is located in an area described in CEQA Guidelines Section 15206, and provided the property does not have a significant value for wildlife habitat or other environmental purpose and would likely qualify for an exemption if a discretionary permit were needed for development in the future. Although the property is located within the California Coastal Zone, there is no record that an EIR was prepared for any project on the site, and the sale of the property would not substantially impact the coastal zone; therefore, the project is not in an area of statewide, regional or area wide concern as identified in CEQA Section 15206(b)(4). It is likely future projects on the property would qualify for a Class 1, Class 3, or Class 32 categorical exemption from CEQA. Therefore, based on this discussion, the sale of the property is exempt from CEQA pursuant to Guidelines Section 15312.

Background: The City owns the land at 2112 Broadway (APN 007-011-002). In approximately 1954, the property was leased by the City to the Chamber of Commerce for the construction of the Chamber building that is currently on the site. All costs associated with construction of the structure were borne by the Eureka Chamber of Commerce. In 1957, the City and Chamber entered into a 51 year lease, with one 25 year extension option. The lease agreement indicates that the Chamber does not owe the City any rental compensation over the term of the lease, though the Chamber is responsible for maintenance, repairs, utilities, and taxes. The lease also indicates that at the end of the lease term (2033), the building reverts to City ownership and after that point the Chamber would begin paying full lease value to the City.

In early 2018, the Chamber contacted City staff and indicated that they would like to vacate the property and move to a location closer to Downtown. Accordingly, the City acquired a property appraisal in April of 2018 by Ryan Real Estate Appraisers. The property and building were appraised at a Market Value of $465,000.1. The appraisal also indicates that the property has a lease value of $3,136 per month, which amounts to a value of $602,112 over the course of the remaining term of the lease (through 2033). In exchange for the unused value of the remaining lease period, the Chamber is seeking $100,000 of compensation in order to terminate the lease agreement. City staff's research indicates that this is a reasonable "buy-out value." An inspection report acquired by the Chamber in 2017 indicates that the building, roof, electrical/mechanical equipment, and site are in good condition. However, staff expects that the 64-year-old building will require typical maintenance, repairs, and pest control over the coming 15 years that would diminish the approximately $600,000 remaining lease value.

If the property were to sell in late 2018 for the appraised value of approximately $465,000, and if the City were to compensate the Chamber $100,000 for termination of the lease, then the City would generate approximately $365,000 for the City General Fund. A higher sale value would generate an even higher level of income for the City. However, refusing the

1 Recent pending sales in the general geographic area of the property indicate that the April 2018 appraisal may be low. Accordingly, staff will be working over the course of the coming months to acquire an update to the appraisal.

Chamber's request to vacate the property would lead to no income to the City over the course of the next fifteen years with the potential for acquisition of the full sale price in 2033. Staff analysis indicates that the former option has more overall benefit to the City and recommends compensating the Chamber and selling the property.

On June 19, 2018, Council authorized the City Manager to negotiate an agreement with the Greater Eureka Chamber of Commerce for early termination of their Lease at an amount not to exceed $100,000 in compensation for the remaining 15 years of Lease.

Applicable Regulations: According to the City's Policies and Procedures, Sale of City Owned Real Property File 2.01, the following steps are required:

1) Regardless of the prior use of the property, the Planning Commission shall determine whether the property is required for public use, whether the parcel is of such size and shape that it can be developed for a land use permitted in the zone in which it is located and whether the disposition of the property is in conformance with Government Code §65402.
2) After evaluating the properties (project) for CEQA, the Planning Commission shall prepare a report for review by the City Council which shall include a recommendation regarding disposition of the property. The report shall also contain, at minimum:
    a) Whether the parcel is suitable for conforming development; if it is not, the property may be recommended to the City Council for disposal to an adjoining property owner by negotiated sale.
    b) Whether the properties are required for present or future public use.
    c) Whether the sale of the surplus property is in conformance with the adopted General Plan.

    Upon completion, the Planning Commission's report will be submitted to the City Council for review. If the Council finds that property is not required for present or future public use, it may declare the property surplus real property and upon direction by Council shall establish the minimum acceptable offers.

As required by the Surplus Lands Act, subsequent to, or concurrent with the evaluation of the property by the Planning Commission, the City will distribute written offers to sell the property to public agencies and several non-profits regarding potential interest in the property.

Analysis:

Public use: There is no public project identified in the adopted 2018-2023 Capital Improvement Program which requires the subject property. The subject property has not been used by the City of Eureka for a public purpose. Therefore, the subject property is not needed for a public purpose.

Adequate size and shape for development in CS zone district: The subject property is located in a Service Commercial zone district at 2112 Broadway. The property is

an irregularly shaped parcel improved with a 3,136 square foot wood-framed professional office building.

The subject property is approximately 41,382 square feet in size. The minimum parcel size for properties in the CS zone district is 6,000 square feet. The property enjoys a very strong location with primary street frontage on Broadway and ample parking. According to the appraiser, the "Highest and Best Use" for the property is for continued use as a professional office or to convert (remodel) the building to another Service Commercial use.

Conformity with the adopted general plan: The General Plan designation for the subject property is GSC (General Service Commercial). The GSC plan designation provides for land-extensive retail uses, warehouses, and wholesale commercial uses.

Staff has reviewed the adopted General Plan and finds that it is silent with regard to the necessity of retaining the subject property for public use. In addition, there is no Goal or Policy within the adopted General Plan that calls for the retention of the property for public purposes. Therefore, Staff believes that the City's action to surplus the subject property will not conflict with the adopted General Plan.

Discussion with City departments determined that there is no need to retain this property. Selling the property will allow the Chamber of Commerce to relocate to a more suitable location and will provide the City with roughly $360,000 for the General Fund.

Once the surplus of the property is approved, the City will contract with a local real estate firm to market the property and to sell it on the open market without proceeding with Procedures 6-9 of the Policies and Procedures, thereby foregoing an oral bidding and City Council hearing sales process.

Summary: Based on the above, Staff recommends the Planning Commission determine that the property proposed for surplus is not required for public use, and recommend the City Council surplus the subject property by adopting a Planning Commission resolution, "A Resolution of the Planning Commission of the City of Eureka recommending the City Council determine the property as surplus property."

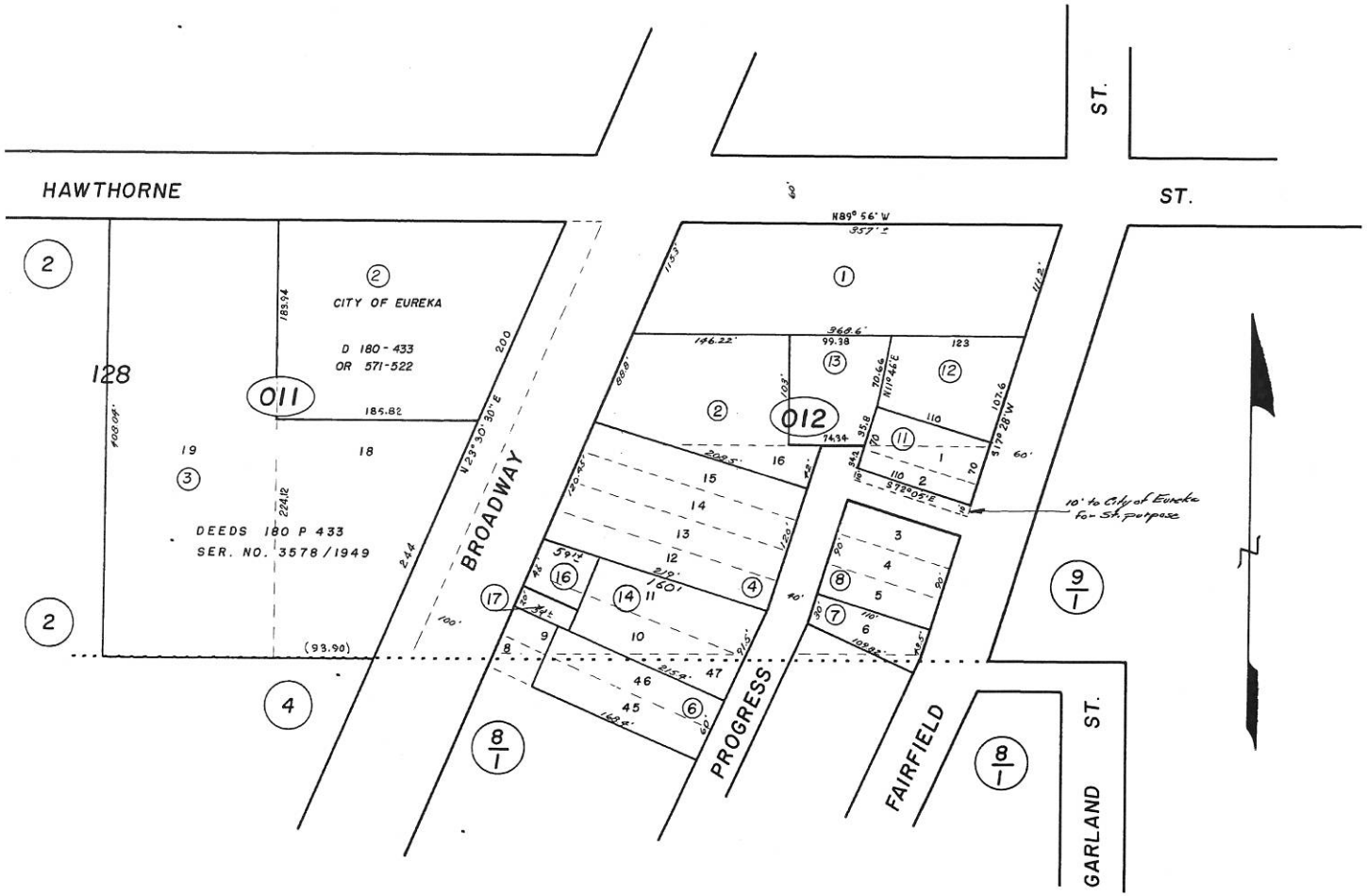
Attachments:

A. Assessor's Parcel Map
B. Aerial Location Map
C. Resolution No. 2018-_____ (To Be Determined)
D. Policies and Procedures File 2.01 for the Sale of City Owned Real Property

CITY OF EUREKA

7 — 01
T.C.A. 300
1" = 100'
7/6/66 G.D.

SUBD. BLK. 128, 3RD ENL. CLARKS ADDN: MAPS 9 P 6
1ST. ENL. MARINE HEIGHTS: MAPS 4 P 70
MARINE HEIGHTS: MAPS 8 P 45.



Scale: 1" = 400'

N

0 100 200 400
Feet

Parcel Boundaries

Parcel 007-011-002

Vicinity Map

Date: 6/28/2018

Created By: rtopolewski

RESOLUTION NO. 2018-

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF EUREKA RECOMMENDING THE CITY COUNCIL DETERMINE THAT THE PROPERTY LOCATED AT 2112 BROADWAY (EUREKA CHAMBER OF COMMERCE PROPERTY), APN: 007-011-015 IS SURPLUS PROPERTY

WHEREAS, staff is proposing to dispose of the property located 2112 Broadway (Eureka Chamber of Commerce Property) as surplus property, APN: 007-011-002; and

WHEREAS, the City owns the land at 2112 Broadway (APN 007-011-002); and

WHEREAS, the Chamber of Commerce owns the building and has rights under a Lease Agreement with the City dated 1957 to utilize the building without compensation to the City until 2033; and

WHEREAS, the City and the Chamber of Commerce have agreed to a buyout of the lease term; and

WHEREAS, the improvements (Chamber Building) will be included in the sale of the surplus property; and

WHEREAS, a fair market appraisal of the City's property obtained from Ryan Real Estate Appraisers in April of 2018 indicates that the Market Value of the property is $465,000; and

WHEREAS, the City will distribute written offers to sell the property to public agencies and several non-profits regarding potential interest in the property, and staff has met with City Department Heads regarding the disposition, as required by the Surplus Lands Act; and

WHEREAS, the sale of surplus property is a "project" pursuant to the California Environmental Quality Act (CEQA). However, CEQA Guidelines Section 15312 exempts the sale of surplus property; and

WHEREAS, on July 9, 2018, the Planning Commission held a duly noticed public hearing to receive public testimony; and

WHEREAS, there is no public project identified for the property in the adopted 2018-2023 Capital Improvement Program and the property has not been used for public purposes; and

WHEREAS, the subject property is located in a Service Commercial zone district and the property is an irregularly shaped parcel improved with a 3,136 square foot wood-framed professional office building; and

WHEREAS, the subject property is approximately 41,382 square feet in size. The minimum parcel size for properties in the CS zone district is 6,000 square feet. The property enjoys a very strong location with primary street frontage on Broadway and ample parking. According to the appraiser, the "Highest and Best Use" for the property is for continued use as a professional office or to convert (remodel) the building to another Service Commercial use; and

WHEREAS, the City of Eureka General Plan is silent on the necessity of retaining the subject property for public use.

NOW THEREFORE, BE IT RESOLVED by the Planning Commission of the City of Eureka that:

1. The property proposed for surplus located at 2112 Broadway (Eureka Chamber of Commerce Property), APN: 007-011-002, is:
    a) Not required for public use; and
    b) The size and shape of the subject parcel is suitable for conforming development; and
    c) Surplus of the property is in conformance with Government Code §65402 and the City of Eureka's adopted General Plan.

2. The sale of the property will generate revenue for the General Fund.

3. Placing the property back on the property tax rolls (as City ownership is property tax exempt) is a benefit to the City as a whole.

4. The rehabilitation of the subject property by a developer/owner will assist in stimulating the economy.

5. The sale of the property will likely generate new jobs.

6. The Planning Commission recommends the City Council determine that the property is a candidate for disposition as surplus property pursuant to City of Eureka Policy and Procedure File 2.01 for the "Sale of City-Owned Real Property," and Government Code §65402.

7. The Planning Commission further recommends:

    a. The City Council authorize the City Manager to retain the services of licensed real estate broker to sell the property on the open market, and

b. The City Council utilize the appraisal obtained from Ryan Real Estate Appraisers in April 2018, to be fair market value for the property, and set the value at $465,000.

PASSED, APPROVED AND ADOPTED by the Planning Commission of the City of Eureka in the County of Humboldt, State of California, on the 9th day of July, 2018 by the following vote:

AYES: COMMISSIONER
NOES: COMMISSIONER
ABSENT: COMMISSIONER
ABSTAIN: COMMISSIONER

_____
Jeff Ragan, Chair, Planning Commission

Attest:

_____
Rob Holmlund, Executive Secretary

CITY OF EUREKA		Category:	FINANCE
POLICIES & PROCEDURES		Subject:	SALE OF CITY-OWNED REAL PROPERTY
Date Adopted: January 1, 1976		File Number	2.01
Date Revised:	August 20, 1985; August 1, 2005		

POLICY OBJECTIVE

To establish procedures for the disposition of surplus real property or interests therein, owned by the City of Eureka.

ASSIGNED RESPONSIBILITY

City Manager and all Department Heads

APPLICABILITY

Applicable to a City-owned real property judged unnecessary for any present or prospective use by the City of Eureka.

If the City-owned real property is located within the Eureka Redevelopment Agency project area, it shall be first offered for sale at fair market value to the Agency. If the Redevelopment Agency does not agree to purchase the real property within 60 days of the offer, the real property may be disposed of according to the following procedures.

PROCEDURES

1. Inquiries regarding the sale of City-owned real property should be directed through the Department of Community Development to the Planning Commission.

2. In the instance where property requested for surplus has been used for a public, quasi-public, or neighborhood purpose, the Planning Commission shall conduct a public hearing after notifying all property owners within 300 feet of said property of the intent to surplus. The Planning Commission shall then take such public comments into consideration in making the recommendation to the City Council.

3. The Planning Commission shall make recommendations to the City Council based upon its determination whether the property is required for public use and whether the parcel is of such size and shape that it can be developed for land use permitted in the zone in which it is located. If the parcel is determined by the Planning Commission not to be suitable for conforming development, then the property will be recommended to the City Council for disposal to an adjoining property owner by negotiated sale.

4. Upon Completion, the Planning Commission's report will be submitted to the City Council for review. If the council finds that property is not required for present or future public use, it may declare the property surplus real property.

5. Upon declaration of surplus property, the City Manager shall obtain a fair market value appraisal of the property and upon direction by Council shall establish the minimum acceptable offer.

6. Upon receipt of a written offer for purchase of the property, accompanied by a ten percent (10%) deposit, the City Manager shall set a date for hearing before the City Council.

7. At the hearing on the sale, the City Council shall receive all oral bids. If an oral bid in an amount at least five percent (5%) more than the amount of the written offer is made and is confirmed with a ten percent (10%) deposit, the Council may accept such higher offer.

8. At the close of the hearing, the council may confirm the sale and direct conveyance be executed, but the council reserves the right to reject any and all offers of bids for purchase of real property.

9. If the property is determined by the City Council not to be suitable for development in conformance with planning, zoning, or other applicable regulations, and if after notice to all adjoining property owners, only one owner is interested in purchasing the property, then the City may dispose of the property by negotiated sale, without proceeding with Procedures 6 through 8.