

STAFF REPORT

City Council Business Item

DATE: February 20, 2024

TO: Honorable Mayor and Council Members

FROM: Merritt Perry, City Manager

THROUGH: Ryan Plotz, City Attorney

SUBJECT: **Authorize the City Manager Execute All Documents Necessary Purchase Real Property at 624 Main Street and Accept Property and Approve Supplemental Budget Request; *Resolution 2024-05***

STAFF RECOMMENDATION:

Approve *Resolution 2024-05* to authorize the City Manager to execute all documents necessary to purchase the property at 624 Main Street with Assessor's Parcel Number 040-105-005, to accept the property on behalf of the City, and approve a supplemental budget request in the amount of \$160,000 to fund the purchase of the parcel.

EXECUTIVE SUMMARY:

The City of Fortuna owns the Monday Club meeting facility at 611 Main Street in the City of Fortuna. The historic home adjacent to the Monday Club at 624 Main Street was burned in a fire approximately four years ago. The property owner of the parcel (Ray Chisum) approached the City with an offer to purchase the property in 2021, but that offer was not acted upon. Recently, the property owner received requests from multiple developers interested in purchasing the site, and again approached the City, as he felt strongly that the parcel provided a unique opportunity to complement the Monday Club and wanted the City to consider purchasing it.

The parcel is a 0.19 acre parcel that lies directly east of the Monday Club Parcel and has significant potential to improve the function and experience for users of the Monday Club. There is potential to create a courtyard for outdoor use, create parking spaces, improve accessibility and reduce maintenance by removing nuisance trees on the property line very close to the Monday Club building. The intended purchase of the parcel will be to compliment the existing uses of the Monday Club facility.

The council directed designated the City Manager as the negotiator on behalf of the City on January 16, 2024 and directed him to negotiate for the purchase of the property. A broker's price opinion was requested for the subject parcel from John Egan, a local real estate broker and was received on January 22, 2024. The opinion of value for the lot included a range between \$140,000 and \$155,000.

On February 5th the Council authorized the City Manager to make an offer on the property in the amount of \$147,500 with an even split of title and escrow fees. The property owner agreed to the purchase.

In order to complete the purchase, closing documents must be executed, a supplemental budget request identifying where the funds for the purchase will be taken from and authorization must be granted by the council to accept the parcel. The council must also find the project is exempt from the California Environmental Quality Act (CEQA).

Staff recommends that the council adopt *Resolution 2024-05* to grant the City Manager the necessary authority to complete the transaction and accept the parcel and to find the project is exempt from CEQA. Additionally, the council is being requested to approve a supplemental budget request in the amount up to \$160,000 to fund the acquisition of the project.

ENVIRONMENTAL REVIEW:

The project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3), as it can be “seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment”. There are no plans for any physical changes to the parcels in conjunction with the change in ownership, and therefore it can be seen with certainty that the project will not result in any significant effects on the environment. Any future projects to improve the property may be subject to CEQA.

FINANCIAL IMPACT:

The funds used for the purchase will come from fund general fund reserves and be allocated to fund 100-8000-5450, Parks and Recreation Capital Outlay.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff
2. Open Public Comment
3. Close Public Comment
4. Motion to adopt *Resolution 2024-05*, read by title only, and authorize the City Manager to execute a Certificate of Acceptance for parcel with APN 040-105-005 and approve supplemental budget request in the amount of \$160,000 to fund the purchase. Roll call vote.

ATTACHMENTS:

- *Resolution 2024-05, A Resolution of the City Council of the City of Fortuna Accepting the Real Property in the City of Fortuna and Designated as Assessor Parcel Number 040-105-005 and Authorizing the City Manager to Fund and Close Escrow, and Find the Acquisition to be Exempt From CEQA*
- Assessor Parcel Maps
- Broker’s Price Opinion
- Supplemental Budget Request