

**CITY COUNCIL**

For City Clerk's Use:

**APPROVED**       **DENIED**

Reso No. \_\_\_\_\_ File No. \_\_\_\_\_

Ord No. \_\_\_\_\_

**Agenda Item No.:** \_\_\_\_\_

**Date: October 28, 2009**

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Rich Buquet, Neighborhood Services Manager  
Jo Ann Case, Economic Development Manager and Real Property Agent

**SUBJECT:** Purchase of property located at 120 Woodward Avenue, Escondido (APN 229-291-21 & 229-291-23) with accompanying rights of first refusal agreements concerning adjacent properties; Approve amendments to the FY 2009-2010 One-Year Action Plan for CDBG; Approve an amendment to the FY2007-2008 One-Year Action Plan for CDBG.

RECOMMENDATION:

- a. Adopt Resolution No. 2009-112 authorizing the Real Property Manager and City Clerk to execute a Purchase Agreement for Purchase of Real Property from the Classical Academy, Inc. for \$753,000 and authorizing execution of two rights of first refusal agreements between the City and Classical Academy, Inc.
- b. Approve a first amendment to the FY 2009-2010 One-Year Action Plan for CDBG to include a new allocation of \$425,000 which will be matched with existing funds for the purchase of 120 Woodward Avenue and associated site improvements. The funds will come from the re-allocation of a portion of the funds currently allocated to Phase 3 of the Tulip Street project.
- c. Approve a second amendment to the FY 2009-2010 One-Year Action Plan for CDBG to transfer \$50,000 from CDBG unallocated funds to set up a "City owned buildings" fund to be used for activities involving ADA, security and graffiti issues for City owned properties. It is anticipated that City staff will provide the labor for the projects in most cases. CDBG funds will be used to pay for materials and staff time.
- d. Approve a third amendment to the FY 2007-2008 One-Year Action Plan for CDBG to transfer \$65,000 from the CDBG Grants to Blocks project to fund a proposed low-cost study for revitalization of the Escondido Creek area by Cal Poly Pomona students participating in a graduate level program in architectural landscape. The study group will select four creek projects from 14 under consideration. In order to make the final cut on their ballot, a secure funding source is needed from the City. If Escondido is not selected, the money will be returned to the Grants to Blocks project.

FISCAL ANALYSIS:

The City of Escondido receives annual formula allocations of CDBG program funding from the U.S. Department of Housing and Urban Development (HUD). All program and program administration expenses are paid with CDBG funds and do not impact the General Fund, unless Council directs otherwise

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

This item relates to the Council's Action Plan regarding Community Outreach.

PREVIOUS ACTION:

CDBG Items:

On April 22, 2009, Council adopted the FY 2009-2010 One-Year Action Plan for CDBG and approved its submission to HUD.

On November 19, 2008, Council approved an amendment to the FY 2008-2009 One-Year Action Plan for CDBG to include a new allocation of \$400,000 to be combined with future funds for the acquisition of a building for use as a Tiny Tots pre-school and neighborhood meeting center.

On April 25, 2007, Council adopted the FY 2007-2008 One-Year Action Plan and approved its submission to HUD.

Property Purchase Items:

Authorization to enter in negotiations to purchase the property was received from City Council on July 8, 2009.

The price being paid for the property is based on an independent appraisal completed in April 2009 by the Heath Group. The appraisal methodology was based on a Sales Comparison Approach with five comparable properties.

BACKGROUND:

The Community Services Department has been looking for a suitable replacement location for its Tiny Tots program. The Tiny Tots program serves a vital need in the community by providing a low-cost kindergarten-readiness program for three and four year olds in the central part of the city. The program serves the residents of Mission Park and other low-income areas.

The Tiny Tots program was originally located in the Youth Activity Building on Mission Avenue (in the Mission Park area) until 2007 when it was forced to relocate to the Washington Park building due to serious health and safety issues within the facility. However, the Washington Park building is not appropriate or suitable for the activities and requirements of the Tiny Tots program. Further, the Washington Park building is needed for other scheduled uses and activities which have been displaced and for which the building was actually designed. The Tiny Tots program is in need of a permanent, secure home appropriate for small children in a classroom setting in or near the Mission Park area.

Two potential sites were located on Woodward Avenue. The sites were assessed by comparing the two properties for size, program operational needs, condition of the existing building and site improvements and costs for tenant and site improvements that would be needed. The property at 120 Woodward Avenue was selected.

In addition, the building at 120 Woodward Avenue will be designed to include much-needed meeting space for neighborhood meetings and activities that serve the city-supported neighborhood groups from the Mission Park area. The proposed building will be located in the targeted low-income census tract that includes the Mission Park area (CT 202.12) and is within walking distance of the residences and neighborhoods there.

The two rights of first refusal agreements, to be recorded with the purchase agreement for 120 Woodward Avenue, grant the City and Classical Academy, Inc. certain rights with respect to the purchase and sale of property located on Woodward Avenue. One right of first refusal agreement will give the City the first option to purchase adjacent properties to 120 Woodward Avenue owned by Classical Academy, Inc. for future expansion of Grape Day Park; and the other agreement will give Classical Academy, Inc. the first option to buy back the 120 Woodward Avenue property should the City decide to sell it.

In past years, CDBG has funded ADA projects for City owned buildings. These funds have since expired, and approval of the second amendment to the FY 2009-2010 One-Year Action Plan for CDBG will allow for City staff to address ADA, security and graffiti issues as they arise on City owned buildings. City staff will, in most cases, provide the labor, and CDBG funds will be used for materials and staff time.

Regarding the third amendment to the FY 2007-2008 One-Year Action Plan for CDBG, in May of 2009, Council approved the submittal of five bicycle/pedestrian facility grants to SANDAG. One of the grants the City has been awarded is for \$157,500 for lighting and re-striping of the flood control bike path between Broadway and Ash in the Mission Park area. Since that time, the City has been approached by Cal Poly students to do a complete creek study of the channel citywide. City staff will work with Cal Poly to incorporate the work specified in the SANDAG grant with their design work. CDBG funds were intended to be used as a match for the original SANDAG grant. This request will cover the cost of the Cal Poly study along with an appropriate contingency.

Respectfully submitted,



Rich Buquet  
Neighborhood Services Manager



Jo Ann Case  
Economic Development Manager and  
Real Property Agent