



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: APRIL 14, 2020
DEPARTMENT: OFFICE OF THE CITY MANAGER
FROM: ANDREW MYRICK, ECONOMIC DEVELOPMENT MANAGER
TITLE: SALE OF REAL ESTATE AT 701 NORTH DAVIS ROAD

RECOMMENDED MOTION:

A motion to approve the Resolution approving a Purchase and Sale Agreement for a portion of the property located at 701 North Davis Road.

RECOMMENDATION:

Staff Recommends that Council approve the attached Resolution to approve the Purchase and Sale Agreement for a portion of the City-owned property located at 701 North Davis Road.

EXECUTIVE SUMMARY:

The City owns land located at 701 North Davis Road, west of North Davis Road and outside of the City Limits (see attached aerial photograph). The adjacent property owner desires to buy a portion of this land in order to combine it with the adjacent parcel and construct 150 apartment units to house agricultural employees. The land otherwise has limited development potential and the City would receive fair market value for the property.

BACKGROUND:

In 1976 the City adopted the Rossi-Rico Area Land Use Plan, which contemplated the development of a mixture of low-density residential, high-density residential, and general commercial/industrial uses in the area surrounding what is now West Rossi Street and North Davis Road. The portion of this plan located east of what is now North Davis Road were developed; however, the portion located west of North Davis Road (north of Highway 183 and south of the Boronda community), while contemplated for annexation, were never actually annexed or developed.

The Rossi-Rico Area Land Use Plan called for the creation of a community park on the east side of North Davis Road to serve this new development. In 1985 the City purchased 8.984 acres of land on the east side of North Davis Road with the intention of developing the land as a community park. However, the additional development east of North Davis Road never materialized, and the park was never constructed.

The property itself suffers from several burdens which make development challenging. The southern 1.61 acres are encumbered by a PG&E easement which precludes the construction of any buildings. Further, the property is located in the area generally referred to as “Markley Swamp”; almost the entirety of the site outside of the easement is located below the 100-year floodplain elevation, while the northeastern third of the property is subject to regular flooding (a staff inspection in January revealed that this area was flooded several weeks after the last significant rainfall, even though annual rainfall totals at that time were not exceptional). The land has been leased for agricultural use since it was acquired.

In January 2020 Café Toro Investments LLC purchased the 58.55-acre property located adjacent to the south and east of the property. In March 2020, the new owners submitted an application to the County of Monterey for the construction of 150 residential apartment units for agricultural employees. Due to its topography, the majority of this adjacent lot is undevelopable – as such, it would be necessary for the adjacent property owners to acquire the most southerly 3.169 acres of the City’s property in order for them to be able to provide the full 150 housing units. Due to the limitations placed on the land by the PG&E easement, it is not possible to place buildings on this land – however, it could still potentially be used for parking, open space, or other supportive infrastructure that is an integral part of the project.

The adjacent property owners would pay fair market value (\$166,728) for the land. The City would retain ownership of 5.815 acres of land – staff intends to identify alternatives for the remainder of the site in the near future. A Site Map showing the proposed land sale and housing project is attached to this Report.

ANALYSIS:

At this point, there is a critical need for housing within the City of Salinas. Alone, the property owned by the City may not be ideally suited for residential development – however, when combined with the adjacent site, it can help support such a development. The Parks, Rec, & Libraries Master Plan adopted last year did not identify the site as a location for construction as a park, and the City currently has no plans or funding identified for the construction of improvements. The property does not have its own agricultural water supply, and its use for agricultural production was dependent on combining operations with farming on the adjacent parcel; with the purchase of the adjacent property that water supply is no longer available. As such, the property has extremely limited agricultural value, and the City will no longer receive any rental income from the property.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities 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. This transaction Because the proposed action consists only of a transfer of ownership and does not represent a

change in the allowable uses at the site, there is no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

This Item promotes the Council’s objectives regarding Investment Strategies/Risk Management by promoting the construction of new housing for agricultural employees and through receiving fair market value for the property.

DEPARTMENTAL COORDINATION:

This item has been coordinated between the City Manager’s Office, the City Attorney’s Office, and the Public Works Department.

FISCAL AND SUSTAINABILITY IMPACT:

This transaction will result in the one-time receipt of \$166,728. The City will also experience very minor (under \$50) annual savings in property assessments due to the reduction in size of the parcel.

ATTACHMENTS:

Aerial Photograph of Property at 701 North Davis Road
Site Plan – Proposed Land Sale and Housing Project
Resolution, Including Attached Purchase and Sale Agreement