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Title: Staff Report for a Resolution to Authorize the City Manager to Write Off the Loan Created for Purchase of 2139 Laura Avenue and Appropriate Revenue from the Sale of 2139 Laura Avenue for the Creation of a Neighborhood Investment Program for the Davis West Neighborhood

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Staff Report for a Resolution to Authorize the City Manager to Write Off the Loan Created for Purchase of 2139 Laura Avenue and Appropriate Revenue from the Sale of 2139 Laura Avenue for the Creation of a Neighborhood Investment Program for the Davis West Neighborhood

SUMMARY AND RECOMMENDATIONS

The City Manager recommends that the City Council invest the revenue generated from the sale of City-owned property at 2139 Laura Avenue in the Davis West Neighborhood.

The resolution would authorize the City Manager to:

- Write off the General Fund loan created to purchase the 2139 Laura Avenue property; and
- Appropriate \$542,000 from the sale of 2139 Laura Avenue to be designated for neighborhood improvements in the Davis West neighborhood; and
- Direct staff to create a Neighborhood Investment Program for the Davis West neighborhood that will prioritize improvements such as mitigation of ongoing noise impacts from the Metropolitan Oakland International Airport as well as beautification efforts in and adjacent to the neighborhood.

BACKGROUND

On December 5, 2000 (with an addendum added on July 22, 2003), the City entered into a settlement agreement with the Port of Oakland (Port) which mandated mitigation of potential noise impacts from the Metropolitan Oakland International Airport on San Leandro residents. Funded by the Port and administered by the City, this \$9 million program, called the Residential Airport Noise

Insulation Program, provided for the installation of insulation features such as new double-pane windows and sliding glass doors, and other noise insulation improvements in single-family dwellings in the Davis West, Timothy Drive and Mulford Gardens areas. Homeowners who participated in this program were required to sign an aviation easement with the Port of Oakland upon completion of the insulation improvements. By 2013, the program funded improvements on 154 homes, averaging approximately \$30,000 per home in construction and administrative costs.

On June 16, 2008, the City Council approved the purchase of 2139 Laura Avenue in order to support plans for the widening of Davis Street as part of an Alameda County project to construct a southbound HOV lane on the I-880 freeway, a new Davis Street overpass and a realigned southbound I-880 off-ramp at Davis Street. A general fund loan for \$340,000 was provided to the Measure B fund to facilitate this acquisition. At the time of the property's purchase, the Alameda County Transportation Commission (ACTC) was in the design phase of the project. Subsequently, in 2012, it was determined that the project would not require the Laura Avenue property for widening Davis Street. As such, the City repaired the property, prepared it for lease as a single-family residence and retained property management services from a consultant, Deadrich Realty, Inc. The City leased the property as rental housing from May 2013 through January 2017, at which time the property was vacated. In March 2017, staff received direction from the City Council to list the property for sale. The 2139 Laura Avenue property was listed in June 2017 on the multiple listing service and received three offers. The City accepted the highest offer of \$590,000 and the property sold on August 18, 2017. Repairs to the property in preparation for the sale, agent commission fees and real estate closing costs totaled \$48,000 yielding net proceeds to the City in the amount of \$542,000.

Analysis

The following City Council goal is applicable to the City Council's consideration of this appropriation and the creation of a neighborhood investment program for the Davis West neighborhood:

- Support and implement programs, activities and strengthen communication that enhances the quality of life and wellness, celebrates the arts and diversity and promotes civic pride

The City Council regularly endeavors to improve all neighborhoods in San Leandro through infrastructure and quality of life improvements. The Davis West neighborhood in particular has benefitted from recent investments in routine rehabilitation and resurfacing of the neighborhood's roads, installation of traffic calming speed humps, aesthetic improvements such as artistic utility box wraps, and improved street lighting.

Additionally, in 2017, the City applied for and was awarded \$250,000 in California Housing and Community Development Department grant funding to rehabilitate Warden Park. The City in conjunction with ACTC is also planning to spend \$675,000 on low-water consumption and Bay Friendly landscaping improvements at the Davis Street/I-880 Interchange.

Staff recommends writing off the General Fund loan made to the Measure B Fund to purchase the 2139 Laura Avenue property. Additionally, staff recommends development of a neighborhood investment program that continues the City's commitment to the Davis West neighborhood and designates revenue from the sale of 2139 Laura Avenue to quality of life improvements such as noise

insulation and other beautification measures.

Current Agency Policies

- Support and implement programs, activities and strengthen communication that enhances the quality of life and wellness, celebrates the arts and diversity and promotes civic pride

Previous Actions

- On June 16, 2008, by Resolution 2008-071, the City Council authorized the City Manager to execute a purchase and sale agreement for the property located at 2139 Laura Avenue, for the widening of Davis Street, a continuation of the Westgate Parkway Extension project, ACTIA No. 18, and appropriating funds.

Applicable General Plan Policies

- Policy EH-9.2 Mitigation of Airport Noise: Pursue mitigation of airport noise impacts to the fullest extent possible. Support and advocate for operational practices, changes to aircraft, new technologies, and physical improvements that would reduce the number of properties in San Leandro that are impacted by noise.
- Action EH-9.2.A Settlement Agreement Implementation: Continue implementation of the 2000 Settlement Agreement between the City of San Leandro and the Port of Oakland, as amended through 2017, to support noise insulation for additional San Leandro residences.

Board/Commission Review and Actions

On May 18, 2017, the Planning Commission unanimously found the sale of the property located at 2139 Laura Avenue conforms to the City's General Plan.

Fiscal Impacts

If authorized by City Council, the General Fund loan provided to Measure B Fund used to purchase the property for \$340,000 will be written off. Moreover, the Davis West Neighborhood Investment Program will be funded in the amount of \$542,000, which includes \$500,000 adopted in FY 17-18 and adds \$42,000 to FY17-18 budget. If authorized, this action will be funded by revenue received by the City from the proceeds of the sale of 2139 Laura Avenue.

Budget Authority

City Council authorization will provide the following adjustments:

1. Add \$42,000 to General Fund revenue.
2. Appropriate \$542,000 from General Fund reserves to a new expenditure account "Davis West Neighborhood Investment Program" 010-14-021.
3. Reduce General Fund loan receivable by \$340,000.

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Department