



CITY OF POMONA COUNCIL REPORT

August 7, 2017

To: Honorable Mayor and Members of
the City Council

From: Linda Lowry, City Manager

Submitted By: Kirk Pelsner, Deputy City Manager
Benita DeFrank, Neighborhood Services Director
Darron Poulsen, Water Resource Director

Subject: **Adopt a Resolution to Approve the Purchase of Real Property Located at 1390 E. Mission Boulevard, APN 8327-014-005 for \$861,300; Amend the FY 2017-18 Capital Improvement Program (CIP) Budget by Creating a New CIP Public Facility Project, "Emergency Shelter Annex/Water Utility Access," Project No. 428-2590-XXXXX-71053 and Appropriate to that Project \$584,424 of Available Neighborhood Stabilization Program (NSP1) Funds and \$316,876 of Water Resources Department (WRD) Fund Balance**

OVERVIEW

Recommendation- That the City Council:

- 1) Adopt the Attached Resolution:
 - a) Approving a Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate (the "Agreement") to purchase the property at 1390 E. Mission Boulevard (Blvd.) owned by the Gene Stalians 1989 Trust for \$861,300, plus closing costs, for the development of the Emergency Shelter Annex and Water Utility Access;
 - b) Amending the FY 2017- 18 Capital Improvement Program (CIP) Budget by creating a new CIP project, "Emergency Shelter Annex/Water Utility Access," Project No. 428-2590-XXXXX-71053 and appropriating \$584,424 of available Neighborhood Stabilization Program (NSP1) Funds and \$316,876 of Water Resources Fund Balance;
 - c) Amending the FY 17-18 Adopted Operating Budget by appropriating \$316,876 from Water Resources Fund Balance to Account #571-2590-89987-71053 (transfer to CIP Project Fund).

Adopt a Resolution to Approve the Purchase of Real Property Located at 1390 E. Mission Boulevard, for \$861,300; Create a New CIP Project, "Emergency Shelter Annex/Water Utility Access," Project No. 428-2590-XXXXX-71053 and Appropriate to that Project \$584,424 of Available Neighborhood Stabilization Program (NSP1) Funds and \$316,876 of Water Resources Department (WRD) Fund Balance

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- 2) Authorizing the City Manager to execute the Agreement and other documents required for acquisition of the property on behalf of the City, subject to review and approval by the City Attorney.

Fiscal Impact – The negotiated price to acquire the subject property is \$861,300. Title cost, escrow fees, and other pre-acquisition cost will also apply and are estimated to not exceed \$40,000. Funding to acquire the property will be transferred from the Neighborhood Stabilization Program (NSP1) Fund in the amount of \$584,424 (Acct# 124-1791-89987-71053) and from Water Resources Fund in the amount of \$316,876 (Acct#571-2590-89987-71053). The "Emergency Shelter Annex/Water Utility Access" CIP Project, No. 428-2590-xxxxx-71053, has been created for acquisition of the property to develop an Emergency Shelter Annex and access to important WRD infrastructure. The following table summarizes the fiscal impact for the recommended action:

Table 1

| Category | "Emergency Shelter Annex/Water Utility Access" Project No. 428-2590-XXXXX-71053 |
|---|--|
| Beginning Budget | \$0 |
| Appropriation of Neighborhood Stabilization Program Funds (Funded via a concurrent Public Hearing resolution on 8/7/2017) | \$584,424 |
| Appropriation of Water Resources Fund Balance | \$316,876 |
| New Beginning Budget | \$901,300 |
| Purchase of Real Property located at 1390 East Mission Blvd. | (\$861,300) |
| Estimated Closing Costs | (\$40,000) |
| Balance Remaining for Construction Contingency, Administrative and Miscellaneous Costs | \$0 |

In the future, a parcel map or subdivision document will be developed to clearly outline the Water Resources Department's share of this asset, which is 18,700 square feet. The cost for this work or any required site improvements will be amended to CIP Project #71053 and brought back to Council for approval once funding has been identified.

Public Notice Requirement – None.

Previous Related Action – On June 19, 2017 and July 17, 2017 City Council considered price and terms for acquisition of the property and directed staff in Closed Session to bring back an

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agreement for purchase of the subject property. On September 12, 2016, City Council approved Resolution 2016-138 and declared a "shelter crisis" within the City of Pomona expressing an immediate need for expedited procedures to address the homeless shelter demand.

Environmental Impact - The proposed project will alleviate the unmet shelter needs identified in Pomona City Council Resolution 2016-138 as a state of emergency due to the lack of homeless shelters in the City of Pomona, the project is necessary to protect and preserve the public health, safety, and welfare, and includes construction of small structures and minor alternation of land, and is therefore exempt from the California Environmental Quality Act ("CEQA") pursuant to Public Resources Code Sections 21080(b)(4) (actions necessary to prevent or mitigate an emergency) and 21060.3 (definition of emergency under CEQA); and CEQA Guidelines Sections 15269 (statutory exemption for emergency projects), 15359 (definition of emergency), 15303 (exemption for new construction of small facilities), and 15304 (exemption for minor exemptions to land). Additionally, pursuant to CEQA Guidelines Section 15061(b)(3), it can be seen with certainty that there is no possibility that acquisition of the Property will have a an significant effect on the environment.

EXECUTIVE SUMMARY

The City previously acquired the adjacent parcels at 1400 E. Mission to develop a Centralized Service Center and Emergency Shelter to help support the City's long term strategies to provide shelter and services to the homeless population. The purchase of 1390 E. Mission will further those strategies with the development of the Emergency Shelter Annex. The property is directly adjacent to the west of 1400 E. Mission Boulevard and is roughly 58,128 square feet, or 1.33 acres. The property is being purchased for \$861,300 or \$14.82 per square foot, which complies with the NSP requirement limiting acquisition to 1% below fair market value, but also represents good value to the City as commercial property values continue to appreciate.

In addition, WRD's portion of the subject property (18,700 sq. ft.) will allow the Department to add to their adjacent parcel to protect critical infrastructure and assure proper space is available for maintenance and future replacement. The WRD will have an agreement in place to allow for the use of their land to operate the Emergency Shelter Annex which will protect the WRD's critical infrastructure and not allow any structure to be built upon the land. An easements in gross and a described easement for utility lines will protect WRD's interests in the property.

DISCUSSION

Background

On September 12, 2016, the City Council of the City of Pomona considered a resolution to declare a Shelter Crisis within the City pursuant to Government Code section 8695, *et seq.* Such provision of the Government Code allows for cities to declare a shelter crisis and take certain actions during

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the period of such emergency. The City Council requested that staff review the applicability of such Shelter Crisis designation.

On September 19, 2016, staff reported back to Council and the City Council made findings identifying the state of emergency regarding homelessness in Pomona, finding that one-third (1/3) of homeless individuals residing in the Los Angeles County region are "chronically homeless," and over seventy percent (70%) of the homeless population in the region is living in "unsheltered" areas not meant for human habitation such as public streets, abandoned buildings, vehicles, and parks. The City Council further found that based upon data collected by the City in January 2016, there was an estimated 689 homeless persons located within City boundaries, and 366 of such homeless persons (56%) were located in "unsheltered" conditions.

At that time, the Council determined that due to the significant number of unsheltered homeless persons in the City, the incidents of unauthorized homeless encampments and loitering are increasing across portions of the City within the public right of way, and such conditions expose homeless persons to traffic hazards, crime, risk of death and injury, exposure to weather, lack of adequate sanitation and debris services, and other conditions detrimental to their health and safety. The Council concluded that such conditions negatively impact the physical environment and public facilities of the City, and the use and enjoyment of such facilities for their intended purpose. The Council determined that there is a need in the City for additional shelter facilities and beds to accommodate the number of local homeless persons in need of such facilities, and wished to establish and allow for the operation of temporary emergency sleeping shelters and facilities to serve such persons. Pursuant to Government Code Section 8698 *et seq.*, the City Council declared a shelter crisis as a significant number of persons are without the ability to obtain shelter, and such condition is resulting in a threat to their health and safety.

Based on such findings, on November 21, 2016 the City Council approved the purchase of 1400 E. Mission Blvd, a 2.61 acre property, to be used to develop a Centralized Service Center and Year-Round Emergency Shelter. Once developed, it is hoped that this site will significantly mitigate the ongoing emergency situation surrounding the unsheltered homeless population found in Pomona. In January 2017, another point-in-time homeless count was conducted in Pomona. The data from that count was recently released and the City of Pomona saw a 27% increase in homelessness from 689 to 877, and though the majority of that increase was realized in the sheltered homeless population from 323 to 487, there was a 7% increase in the unsheltered homeless population, from 366 to 399. This increases the City's need to provide shelter and services the residents of our city that are without a home.

The Property

The subject property, 1390 E. Mission Blvd, is being recommended for purchase to further the efforts established in developing a Centralized Service Center and Year-Round Emergency Shelter and to acquire land adjacent to WRD property. The Emergency Shelter Annex would

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allow the City to expand their current efforts at 1400 E. Mission Blvd to address homelessness through a centralized service site by providing space to develop needed additional services and accommodations for the homeless of Pomona and those who serve them. As the City moves forward in building the Centralized Service Center, many community partners have expressed a desire to serve the homeless and provide auxiliary services to enhance core services that will be provided. The Emergency Shelter Annex could be used to house such services, as well as provide additional emergency beds for special needs populations. Having these services in such close proximity to 1400 E. Mission, could only enhance the efforts of meeting the goals and strategies that City Council adopted as part of Pomona's strategic plan, "A Way Home".

In May 2017, the subject property's fair market value was appraised at \$870,000. The negotiated purchase price of \$861,300 (\$14.82 per sq. ft.) is 1% below the appraised value, which is a necessary term when utilizing NSP funds for acquisition.

The purchase of 1390 E. Mission will also allow the WRD to acquire 18,700 square feet of additional land that is necessary to properly maintain, protect and replace critical infrastructure that is located in an adjacent property. The 20-foot wide property to the east of 1390 E. Mission has three 16-inch water transmission lines located within it. These transmission lines are a critical part of the water supply for the City. The current 20-foot wide property is not a sufficient size to maintain or plan for future replacement of this critical infrastructure. Acquiring this additional land will assure that the current and future needs of the water system can be met to address the needs of the City's WRD by describing and recording a utility easement on the property, and by describing an easement in gross for future WRD needs. These two uses would not be in conflict and could co-exist on the property with no difficulty. The utility easement will protect the WRD's critical infrastructure and not allow any structure to be built upon the land.

Once the Agreement is executed and escrow is open, it is estimated that the City should take possession of the property within 45-60 days.

Attachments: 1) Resolution
 2) Parcel map and photo