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# CITY OF POMONA

## COUNCIL REPORT

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October 7, 2019

To: Honorable Mayor and Members of the City Council

From: Linda C. Lowry, City Manager

Submitted By: Kirk Pelsner, Deputy City Manager

**SUBJECT: ADOPTION OF A RESOLUTION APPROVING A PURCHASE AND SALE AGREEMENT BETWEEN THE CITY OF POMONA AND SEVENTH STREET DEVELOPMENT, INC. FOR THE CONVEYANCE OF CERTAIN REAL PROPERTY COMMONLY KNOWN AS VETERAN'S PARK (ASSESSOR PARCEL NO'S. 8707-019-903, 906 & 909), PURSUANT TO GOVERNMENT CODE SECTION 37420 ET SEQ**

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### **RECOMMENDATION:**

It is recommended that the City Council adopt the resolution stated in the title above. (Attachment 1 Resolution No. 2019-158):

### **EXECUTIVE SUMMARY:**

The City is the fee owner of approximately 13.95 acres of real property north west of the intersection of Mission Avenue and the 71 Freeway in the City of Pomona commonly known as Veteran's Park (the "Site") plus certain vehicular easement rights over the adjacent parcel (the "Easement"). In order to provide for future development of the Property, the City entered into an Exclusive Negotiating Agreement with Seventh Street Development, Inc. on September 26, 2018, in order to negotiate for the sale of the Property. After conducting a public hearing on the matter, approval of the resolution will allow the City to sell the Property to Seventh Street Development, Inc. ("Developer")

### **PUBLIC HEARING NOTICE:**

A public hearing is required for this action. California Government Code section 37422 provides that the resolution shall fix a time for hearing protests to the property conveyance, provide for publication of notice of the hearing, fix the time when the City will take final action regarding the property conveyance and contain an accurate description of the property to be conveyed. To comply with these requirements, notice of the hearing was published on September 25, 2019, and was posted at the Site on September 25, 2019.

### **FISCAL IMPACT:**

If the City ultimately proceeds with the anticipated sale of the Site, it will receive \$11,650,000. A portion of the sale proceeds (approximately \$3.2 million) would need to be used to retire existing debt attached to the Site with the balance of roughly \$8.45 million available to be used to relocate the Veterans Park

soccer fields and to make other parks facility and program enhancements. A full analysis will be required to determine if restrictions may exist on the use of any portion of the proceeds. (Veterans' Park improvements were constructed with Redevelopment Bond proceeds.).

### **PRIOR COUNCIL ACTIONS:**

On September 9, 2019, the City Council adopted Resolution No. 2019-146, setting a Public Hearing for October 7, 2019 in which the City Council will consider a resolution to approve the attached Purchase & Sale Agreement.

On September 10, 2018, the City Council approved an Exclusive Negotiation Agreement ("ENA") with the Developer.

On May 21, 2018, the City Council directed staff to pursue this development opportunity and to bring back an ENA for Council consideration.

### **BACKGROUND & DISCUSSION:**

The City and Seventh Street Development, Inc. (the "Parties") entered into an ENA, pursuant to which the Parties agreed to negotiate a purchase and sale agreement for the purchase and development of the Site with up to four light industrial/manufacturing buildings with ancillary offices totaling approximately 210,000 square feet (the "PSA"). Sale and development of the property will bring about a variety of positive economic development outcomes, which are detailed in a Fiscal Revenue and Employment Impact Report (Attachment 2)

The City intends to sell the Site to Seventh Street Development, Inc. for \$11,650,000 (approximately \$24 per square foot). The PSA sets forth the basic terms of the purchase price, deposits, escrow process, conditions to closing, description of the project, grant deed, and schedule of performance for development of the Site.

In accordance with California Government Code section 37420 et seq., the City must hold a public hearing to accept any written protests received from interested parties and, if no protests are received, or if the City Council votes to overrule a protest by a 4/5 majority, the City Council may adopt a resolution finding that the public interest and convenience require the sale of the Site and proceed with the sale. California Government Code section 37421 provides that when the City finds that the public interest and convenience require the conveyance of City property, the City may adopt a resolution stating such finding and intention to convey the property. Additionally, California Government Code section 37422 provides that such resolution shall fix a time for hearing protests to the property conveyance, provide for publication of notice of the hearing, fix the time when the City will take final action regarding the property conveyance and contain an accurate description of the property to be conveyed.

To comply with these provisions, the Council adopted a resolution on September 9, 2019, setting tonight, October 7, 2019, as the Public Hearing date to consider approving sale of the Site in accordance with California Government Code section 37422.

### **Need for Federal Assistance to Sell the Property**

The subject Site was conveyed from the Federal Government to the City via a quitclaim deed in March 2000. That deed incorporated certain restrictions that 1) requires the Site to be used in perpetuity for public recreational uses and 2) requires approval of the Secretary of the Interior to sell, lease or otherwise dispose of the Site.

The Veterans Park facility is used exclusively as a soccer venue and is improved with four regulation size synthetic soccer fields. City staff has developed a detailed proposal for how to effectively relocate the four soccer fields in a manner that will significantly enhance recreational facility and programmatic access for the youth and families that reside in Pomona. This is an important part of the overall intent and strategy because use data for the existing soccer fields at Veterans Park show that roughly 65% of the use is by adults that do not reside in Pomona.

Staff has shared the draft proposal for relocating the soccer fields and facility/program enhancements with Congresswoman Norma Torres. The Congresswoman has indicated strong support for this endeavor. City staff and the City Attorney are collaborating with the Congressional staff to draft the necessary documents that will need approval by the Secretary of the Interior in order to lift the deed restrictions and to proceed with the sale of the Site.

City staff will make a presentation at the Public Hearing detailing how sale proceeds of the Site can be used to significantly enhance facility and programmatic opportunities for the community and to achieve meaningful park area replacement goals. If approved, the sale of the Site will result in significant economic development benefits, which are detailed in the Fiscal Revenue and Employment Impact Report (Attachment 2).

#### Environmental Review

The California Environmental Quality Act (“CEQA”) applies when a public agency proposes to “approve” a project. (Pub. Resources Code, § 21080(a).) The term “approval” refers to a public agency decision that “commits the agency to a definite course of action in regard to a project.” (CEQA Guidelines, § 15352(a).) The development of the Site shall be subject to, and processed in accordance with the California Environmental Quality Act, at California Public Resources Code Section 21000 et seq. and regulations promulgated pursuant thereto, in accordance with California law. Close of Escrow is explicitly conditioned upon compliance with CEQA.

#### **ATTACHMENTS:**

1. Resolution No. 2019-158 with Exhibit A. Purchase and Sale Agreement between the City of Pomona and Seventh Street Development, Inc.
2. Fiscal Revenue and Employment Impact Report