



City of Morgan Hill

Legislation Text

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CITY COUNCIL STAFF REPORT

MEETING DATE: FEBRUARY 1, 2017

PREPARED BY: Chris Ghione, Community Services Director
APPROVED BY: City Manager

APPROPRIATION OF FUNDS FOR PURCHASE PROPERTY

RECOMMENDATION(S)

Adopt resolution approving an amendment to the City's fiscal year 2016/17 annual budget in the Park Impact Fund (301) to appropriate \$1,900,000 to allocate funds for the purchase of property adjacent to the Aquatics Center and Outdoor Sports Center.

COUNCIL PRIORITIES, GOALS & STRATEGIES:

Ongoing Priorities

Supporting youth

2016 Focus Areas

Developing Our Community

REPORT NARRATIVE:

On June 1, 2016, the City Council authorized the City Manager to enter into a lease and option to purchase ten acres of land adjacent to the Morgan Hill Aquatics Center and Morgan Hill Outdoor Sports Center. The purchase was to be triggered upon the death of the current owner. The current owner of the property unfortunately passed away on December 2, 2016.

Funding for this \$2 million property purchase is included in the City's approved Capital Improvement Program for Fiscal Year 2018/19. For the purchase to occur now, the funding must be moved forward in the Capital Improvement Program to Fiscal Year 2016/17.

The Morgan Hill Outdoor Sports Center (OSC) and Morgan Hill Aquatics Centers (AC) are located adjacent to each other on Condit Road. Both facilities are utilized for local and regional sports and recreation events. Large events at both sites support both local economic development and cost recovery at the facilities. However, these large events require significant parking and as both facilities have increased in use, an increased need for parking has been identified. Increasing this parking capacity has been in the Capital Improvement Program for the last two years.

In the course of conducting due diligence for the purchase of the property, a Phase I and Phase II environmental analysis was conducted on the property. These studies determined that there were a

few locations that contained diesel fuel or pesticides. Prior to purchasing, the contamination was required to be removed from the property. The cleanup now is complete and the letter certifying the cleanup is anticipated to be received in the next two weeks. The purchase will not be made without the City receiving this letter. The City agreed to pay for the cleanup cost and deduct the amount from the \$2 million purchase payment.

COMMUNITY ENGAGEMENT: Inform

The ongoing need for additional parking has been expressed regularly by both visitors to the OSC and AC, as well as Morgan Hill and County residents living near the area. Development of future parks and recreation amenities on the land will be determined and prioritized through the Bikeways, Trails, Parks and Recreation Master Plan, which is scheduled to be in front of the Council on February 15, 2017. The update of this plan is providing for a significant amount of community engagement.

ALTERNATIVE ACTIONS:

The City Council could choose not to allocate the funds and effectively cancel the purchase.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 1, 2016, the City Council authorized the City Manager to enter into a lease and option to purchase ten acres of land adjacent to the Morgan Hill Aquatics Center and Morgan Hill Outdoor Sports Center. The funding for the property purchase is currently included in the City's Capital Improvement Program in Fiscal Year 2018/19.

FISCAL AND RESOURCE IMPACT:

The City Council allocated \$180,000 in Fiscal Year 2016/17 for the anticipated lease payment and minor site improvements and \$2,000,000 for the purchase of this property in Fiscal Year 2018/19. The purchase is included in Capital Improvement Project 110097 Parklands Purchase and Development and funded by the Park Impact Fund (301). Staff is recommending increasing the Budget for Fiscal Year 2016/17 by \$1,900,000 to complete the purchase and fund improvements to secure the site and reducing the CIP by \$1,900,000 in FY 2018/2019. This amount is net of the cleanup costs paid upfront by the City.

CEQA (California Environmental Quality Act):

Not a Project

Amending the budget for this purchase is not a project. The approved Environmental Impact Report for the Southeast Quadrant included review of the current site at a programmatic level. Project level environmental analysis will need to be conducted once future use of the site has been determined.

LINKS/ATTACHMENTS:

1. Resolution
2. Exhibit A to Resolution - Budget Scorecard