



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Approval of Council Policy 1.2.7 *Acquisition, Leasing and Disposition of City-Owned Real Property* - Council Policy Issue

#### **BACKGROUND**

On June 25, 2013, a study session was held to provide City Council an overview on City-owned properties not currently used for City services or planned to be used for future City needs. Attachment 1 is the presentation of the City-owned properties and their intended use for City services/needs that was provided at the study session.

At the meeting, Councilmembers provided input on the disposition of properties not used or planned to be used for future City services, while retaining properties acquired for future City service needs. Additionally, Council asked staff to draft a policy that would provide guidance on the disposition of City-owned properties for Council consideration and adoption. This report presents the proposed *Acquisition, Leasing and Disposition of City-Owned Real Property* policy for Council consideration (Attachment 2).

#### **EXISTING POLICY**

Council Policy 7.1D Land Policies. Acquisition, Disposition and Leasing of City-Owned Real Properties

Council Policy 2.2.2 Sale of Surplus Land

#### **ENVIRONMENTAL REVIEW**

This action is not a project for purposes of CEQA because it will not result in a direct physical change in the environment (CEQA Guideline 15378(b)(5)).

#### **DISCUSSION**

The vast majority of City-owned property is used to provide municipal services such as fire stations, parks, roadways and utility system infrastructure. As public service needs change, the requirements for these properties may be revised and certain parcels may be determined to be no longer needed for City services. The proposed policy provides guidelines on the acquisition of real property, leasing of City-owned real property, and disposition of City-owned real property no longer needed for its intended purpose, or which does not provide a benefit to the community and should be considered surplus property for sale or lease.

The proposed policy does not apply to the acquisition of real property through donation, bequeathal, dedication from land development projects, or property exchange.

### Existing Policies

The proposed policy incorporates Fiscal Policy 7.1D *Land Policies* (Attachment 3) and expands on the method for the acquisition, leasing, and disposition of real property. Green text in the proposed new policy identifies Fiscal Policy 7.1D sections. Municipal Code Chapter 2.07 includes sections D.1.4 - D.1.7 of Fiscal Policy 7.1D, therefore, these sections were not repeated in the new proposed policy. Because of the incorporation, any Council action to adopt the proposed new Council Policy 1.2.7 *Acquisition, Leasing and Disposition of City-Owned Real Property* (Attachment 2), should also include action to delete existing policy 7.1.D.

Council Policy 2.2.2 *Sale of Surplus Land* (Attachment 4), adopted in 1977, provides that proceeds from the sale of surplus land are to be used to acquire open space land. This policy conflicted with later-adopted (1988) Council policies 7.1D.1.9 and 7.1D.1.10, which require proceeds of land purchased with General Fund monies to be placed into the General Fund Reserve for Capital Improvements, and proceeds of land purchased with monies from other specific funds to be kept within that fund (see Attachment 3). The policy is also in conflict with certain legal requirements for public agencies to return proceeds from sale of real property to the original fund used to acquire the property, such as the housing or utility funds. It appears to have been inadvertently retained when the conflicting policies were adopted; therefore, Council should also consider deleting Council Policy 2.2.2 at this time. The proposed new policy includes a priority given to acquiring undeveloped land needed to meet City goals. Under the proposed policy, proceeds from the sale of surplus property being returned to the General Fund could be allocated for the purchase of open space land.

### City-Owned Properties to Consider for Disposition

Adopting the proposed policy is not intended to authorize the acquisition or disposition of any specific property. Decisions regarding individual properties would be made by City Council only after holding a public hearing and providing notice to the surrounding area in accordance with the proposed policy. Were this policy to be adopted, staff would review the list of currently-owned City properties, and return to Council for further direction regarding those sites that could be considered as surplus property available for sale.

### **FISCAL IMPACT**

There is no immediate or direct fiscal impact associated with adopting the proposed policy, although the proposed policy does clarify which City Funds would be impacted by the future acquisition, lease or sale of City property. Related impacts would be identified in future reports prior to requesting Council action on any specific property.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

### **ALTERNATIVES**

1. Approve Council Policy 1.2.7 *Acquisition, Leasing and Disposition of City-Owned Real Property* as presented in Attachment 2.
2. Delete Council Policy 7.1D *Land Policies*
3. Delete Council Policy 2.2.2 *Sale of Surplus Land*
4. Approve Council Policy 1.2.7 *Acquisition, Leasing and Disposition of Real Property* with

modifications.

### **STAFF RECOMMENDATION**

Alternatives 1, 2 and 3: Approve Council Policy 1.2.7 *Acquisition, Leasing and Disposition of City-Owned Real Property* as presented in Attachment 2; Delete Council Policy 7.1D *Land Policies*; and Delete Council Policy 2.2.2 *Sale of Surplus Land*.

Approval of the new policy will provide guidance on acquiring, leasing and disposing of real properties.

Prepared by: Christina Uribe, Acting City Property Administrator

Reviewed by: Kent Steffens, Director, Public Works

Reviewed by: Grace Leung, Director, Finance

Approved by: Robert A. Walker, Interim City Manager

### **ATTACHMENTS**

1. Presentation on City-owned properties not being used for City services
2. Draft Council Policy 1.2.7 *Acquisition, Leasing and Disposition of Real Property*
3. Council Policy 7.1D *Land Policies*
4. Council Policy 2.2.2 *Sale of Surplus Land*