



Council Meeting: June 29, 2010

SUBJECT: Resolution Declaring Raynor Activity Center Available for Long Term Lease Pursuant to Government Code §54222, et seq.

DISCUSSION

The Community Services Department presented a Report to Council (RTC 08-238) in August 2008 that recommended sale of the Raynor Activity Center with the proceeds directed towards developing new open space in the City. After receiving feedback from the neighborhood and other Community groups which included concerns about selling the property and the prospect of high density housing, Council directed staff not to sell the property, but to look into long term lease options at Raynor Activity Center with a focus on cost-effectiveness, serving the Community, and using the site as a possible branch Library.

Since that time, City Council has explored and ultimately chosen not to pursue a branch library option for Raynor Center. Council also reviewed the Parks of the Future Study which addressed the long term open space needs for the Community. Raynor Center was not identified in the Study as needed for a future open space use.

Based on advice from the Office of the City Attorney, the next step in implementing Council's direction for the Raynor Center is a public notification process, as required by State law, to offer the property for long term lease to affordable housing, park and open space, school, and other public agencies as defined by State law for 60 days (offerees). If an offeree responds, then the agency is required to enter into good faith negotiations of not less than an additional 60 days. This process does not require that the City reach an agreement with any of the offerees.

The public notification process is needed in this particular situation due to the size of the facility being offered for lease (greater than 5,000 square feet) and the long term nature of the lease (potentially fifteen years or more) which will be required in order to amortize the capital costs involved. Other City properties are typically much smaller in size and leased for a one year term, with a few exceptions where lease terms are up to five years.

If no interested public agency submits a letter of interest pursuant to the Government Code, or if an impasse is reached with any interested parties, then staff will return to Council to seek guidance on other long term lease options

for Raynor Center, including the issuance of a Request for Proposals (RFP).

Prior to entering into any lease, an environmental investigation will be conducted to determine if there are any hazardous materials issues and a real estate appraisal conducted to determine the market value of the Center. The successful proposer must comply with the California Environmental Quality Act (CEQA) prior to final approval of the project.

Staff has prepared a Resolution Declaring Raynor Activity Center Available for Long Term Lease Pursuant to Government Code §54222, *et seq.* (Attachment A) for City Council approval. Staff is recommending approval of the Resolution.

BACKGROUND

The following bullet points provide some historical and operational context to the City facility known as Raynor Center:

- June 1979 City purchased Raynor Elementary School from the Santa Clara Unified School District for \$1.8 million
- Raynor Center consists of eight (8) buildings, totaling 33,728 square feet.
- June 3, 1980, City approves a use plan (RTC 80-354) that emphasizes the Patent Library Program, daycare, and art studios at the Center
- Child Development Centers (CDC) occupied a portion of the site as a childcare Provider from 1980 to 2003
- My Dream Academy has occupied a portion of the site since 2004

There are a variety of groups currently using the Raynor Activity Center. The following is a breakdown of the space used by each group, along with a brief description of the services provided:

My Dream Academy – Child care provider 34%

City of Sunnyvale Facilities Division – Surplus furniture storage – 28%

4 Artist Suites – 15%

Western Philatelic Society – 12%

Sunnyvale Gymnastics Club – 11%

The Facilities Division saves approximately \$70,000 annually by storing surplus furniture on-site versus an outside storage company. It should also be noted that Raynor Center has an estimated positive cash flow of \$40,000 annually (\$140,000 in revenues, less \$100,000 for maintenance).

Management of the Center has been the primary responsibility of the Community Services Department/Facilities Division, working with the Public Works Department to lease any available space.

EXISTING POLICY

Land Use and Transportation Subelement, Goal N1: Preserve and enhance the quality character of Sunnyvale's industrial, commercial, and residential neighborhoods by promoting land use patterns and related transportation opportunities that are supportive of the neighborhood concept.

FISCAL IMPACT

There is no fiscal impact to noticing the property for long term lease.

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 Web site. Staff has also been in communication with the tenants at Raynor Center, neighborhood groups and other interested parties.

ALTERNATIVES

1. Approve a Resolution Declaring Raynor Activity Center Available for Long Term Lease Pursuant to Government Code §54222, *et seq.*
2. Keep the current uses at Raynor Activity Center

RECOMMENDATION

Staff recommends approval of Alternative No.1: Approve a Resolution Declaring Raynor Activity Center Available for Long Term Lease Pursuant to Government Code §54222, *et seq.*

Staff recommends Alternative No. 1 in order to comply with Council direction regarding exploring long term lease options at Raynor Activity Center.

Reviewed by:

Marvin A. Rose, Director, Public Works Department
Prepared by: Michael Chan, City Property Administrator

Approved by:

Gary M. Luebbers
City Manager

Attachments

A. Resolution Declaring Raynor Activity Center Available for Long Term Lease Pursuant to Government Code §54222, *et seq.*

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUNNYVALE
DECLARING RAYNOR ACTIVITY CENTER AVAILABLE FOR LONG TERM LEASE
PURSUANT TO GOVERNMENT CODE §54222, *et seq.***

WHEREAS, the City of Sunnyvale owns that certain real property commonly known as Raynor Activity Center, located at 1500 Partridge Avenue, Sunnyvale, CA; and

WHEREAS, the Raynor Activity Center property is no longer needed for public purposes and available for long term lease; and

WHEREAS, staff has recommended that the Raynor Activity Center be offered for lease for a period of sixty (60) days to affordable housing sponsors, park districts and public school districts pursuant to Government Code §54222, *et seq.*

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYVALE THAT:

1. The real property commonly known as the Raynor Activity Center, located at 1500 Partridge Avenue, Sunnyvale, CA, is no longer required for City use and is hereby declared not necessary for the City's needs; and

2. Staff is authorized to offer the Raynor Activity Center property for lease for a period of sixty (60) days to affordable housing sponsors, park districts and public school districts pursuant to Government Code §54222, *et seq.*; and

3. The City Manager or his designee is authorized to negotiate in good faith for the 60-day statutory period on price and terms of lease for the site. If no offer is received or if no lease is agreed upon, staff will return to Council for discussion on lease options.

4. This Resolution shall take effect immediately upon its adoption.

Adopted by the City Council at a regular meeting held on _____, 2010, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

APPROVED:

City Clerk
(SEAL)

Mayor

APPROVED AS TO FORM AND LEGALITY:

David E. Kahn, City Attorney