



Council Meeting: May 10, 2011

SUBJECT: Raynor Activity Center – Change from Request For Proposal to Bid Process and Approval of Budget Modification Number 30

DISCUSSION

On January 25, 2011, City Council gave staff direction to proceed with the development of a Request for Proposals (RFP) in order to find a long term tenant for the Raynor Activity Center (RTC 11-008).

The City historically has had little experience with disposition of a former school site. Staff contacted a number of local school districts to determine how they solicited long term tenants for their properties. After conducting this research, a pattern began to emerge that indicated many, if not most, other school agencies, had engaged the services of Enshallah, Inc. to handle their disposition process.

Staff invited the principal of Enshallah to meet with personnel from the City's Public Works, Finance and City Attorney's Office to discuss process options regarding Raynor Activity Center. At the meeting the following general facts were shared that would support a bid process versus request for proposals format:

1. Virtually all public schools that have been disposed of in the past several decades have used a bid process, not a request for proposals process.
2. A bid process removes subjectivity from the selection process, leaving the final determination based on price alone.
3. A bid process reduces the liability of staff being challenged in their evaluating and weighing the different proposals received.

When staff began developing the Request for Proposals document, it quickly became apparent that finding criteria for objectively evaluating and weighing each of the submitted proposals would be very difficult. For example, how would City staff evaluate proposals that each have a different community use, financial mechanism, amortization period and architectural treatment? Any selection could be subject to challenge from the unsuccessful parties.

If approved by Council, the bidding document would act as an information and marketing resource for potential bidders and would specify a date to receive bids in accordance with a defined set of instructions.

Prospective bidders would submit sealed, written bids along with a bidding deposit on or prior to the bid date specified. Once all written bids are received and a high written bidder determined, staff would solicit oral bids starting at no less than 105% of the high written bid. Once the oral bidding is completed, staff would reduce the oral bid to writing and have that bidder execute a lease option agreement. If the City elects to award the bid, it would subsequently also execute the lease option agreement. Upon full execution of the lease option agreement, the high bidder's deposit (which was submitted as a cashier's check along with the bid) would become non-refundable. If the successful bidder chooses not to go forward with the lease option agreement or fails to execute the final formal lease agreement, the deposit would remain nonrefundable and retained by the City.

In all instances, the City retains the final authority regarding the bid award. Until the lease option agreement is executed, the City retains its rights to reject any and all bids, to waive irregularities in the bidding process and to withdraw any and all of the described real property from the market. Prior to the City making the bid award (but subsequent to the bidding session), the high bidder will provide the City with a statement of experience, banking references and a detailed description of the proposed use of the premises.

If the City elects to go forward with the high bidder, then typically, within 60 - 90 days after full execution of the lease option agreement, staff would negotiate a formal lease agreement and would report back to Council before entering into any final, formal lease agreement with the successful bidder.

Before a long term lease can be completed with a prospective bidder, certain information regarding the environmental condition of the property to be leased is required. In addition, in order to minimize any confusion about the area to be leased, a licensed surveyor is recommended to create a separate parcel map for the leased area.

City Council is being asked to approve the change from a request for proposals to a competitive bid process and to approve a budget modification that would create a new capital project to account for costs associated with the long term lease of Raynor Activity Center. Estimated costs for this project are \$100,000 and include a Phase I and II environmental analysis, fees to create a new parcel map and consultant fees to assist in the bid process. Staff recommends approval of this change and issuance of the bid documents as well as Budget Modification Number 30.

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.

BACKGROUND

The Community Services Department presented Report to Council 08-238 in August 2008 (Attachment A – Meeting Minutes) that recommended sale of the property with the proceeds directed towards developing new open space in the City. After receiving feedback from the neighborhood and other community groups, City Council directed staff not to sell the property, but to look into lease options at the Raynor Activity Center with a focus on cost-effectiveness, serving the community, and using the site as a possible branch library.

On June 29, 2010, City Council declared Raynor Activity Center available for long term lease and instructed staff to begin a public notification process to affordable housing, park and open space, school, and other public agencies as defined by State law (RTC 10-164). At the end of the 60 day notice period, no public agencies had submitted a proposal.

On January 25, 2011, City Council approved the following list of community groups, in no particular order, to consider as potential users of Raynor Activity Center (RTC 11-008):

- Local School Districts
- Regional Health and Safety Service Agencies
- Other Social Service Agencies
- Recreation Service Providers
- Other Non Profit Groups
- Day Care Providers
- Private Schools

FISCAL IMPACT

The budget for the new capital project to account for costs associated with the long-term lease of Raynor Activity Center is \$100,000 and includes Phase I and II environmental analysis (\$60,000), surveying fees to create a new parcel map (\$20,000) and consultant fees to assist in the bid process (\$20,000). Significant cleanup costs may be incurred by the City as the property owner of Raynor Activity Center, depending on the recommendations of the Phase I and II environmental reports and subsequent negotiations with the prospective tenant, depending on usage of the site. Preliminary indications are that farming operations may have occurred on the site at one time and residual contaminants may exist. It is unknown at this time whether cleanup is necessary and what costs may be incurred to remediate any contaminants found on the site. Budget Modification No. 30 has been prepared to appropriate \$100,000 from the General Fund's Budget Stabilization Fund for

this project. It is expected that operating and capital project savings during FY 2010/2011 will allow for this project to be funded without negatively impacting the Budget Stabilization Fund's position in relation to what has been presented in the FY 2011/2012 Recommended Budget. It is also important to note that due to the uncertainty around the Raynor Activity Center over the past several years, lease revenues have only been projected for one fiscal year at a time. If a long-term lease is signed as a result of this process, revenues will be projected for the duration of the lease, increasing overall General Fund revenues.

**BUDGET MODIFICATION NO. 30
FISCAL YEAR 2010/2011**

	<u>Current</u>	<u>Increase (Decrease)</u>	<u>Revised</u>
General Fund Expenditure:			
New Project – Raynor Activity Center Bid Process	\$0	\$100,000	\$100,000
Reserves:			
Budget Stabilization Fund	\$35,107,352	(\$100,000)	\$35,007,352

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, 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.

ALTERNATIVES

1. Approve Budget Modification Number 30 and the change from a Request For Proposal to a bid process for the master lease of Raynor Activity Center.
2. Do not approve Budget Modification Number 30 or the change in process for the long term lease of Raynor Activity Center.

RECOMMENDATION

Staff recommends approval of Alternative No. 1: Approve Budget Modification Number 30 and the change from a Request For Proposal to a bid process for the master lease of Raynor Activity Center.

Approving Budget Modification No. 30 and changing the bid process will allow staff to find a long-term tenant for Raynor Activity Center that will serve the Community, maintain the facility and maximize rental revenue to the City.

Reviewed by:

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

Reviewed by:

Grace Leung, Director of Finance

Reviewed by:

Robert Walker
Assistant City Manager

Approved by:

Gary M. Luebbers
City Manager

ATTACHMENTS

A. Council Meeting Minutes from August 19, 2008

PUBLIC HEARINGS/GENERAL BUSINESS

2. RTC 08-246 Request by Council for Continuance of 2007-0346 Extension of Sustainable Building Requirements Beyond Moffett Park (Study Issue)

Director of Community Development Hom requested a continuance for this item to the August 26, 2008 Council meeting.

Public hearing opened at 7:40 p.m.

No speakers.

Public hearing closed at 7:40 p.m.

MOTION: Councilmember Moylan moved and Councilmember Swegles seconded to approve staff recommendation: Council continues this item to August 26, 2008.

VOTE: 7-0

3. RTC 08-238 Consider Options for Use of Raynor Activity Center (Study Issue)

Assistant to the Director of Parks and Recreation Cathy Merrill presented the staff report.

Vice Mayor Hamilton verified with Merrill that the current zoning is for a school site.

Vice Mayor Hamilton inquired if school sites are automatically considered as residential overlay or barring a school site, what would be the closest approximation for zoning. Director of Community Development Hom stated that the zoning would be primarily based on the surrounding zoning, but he would need to return to Council with the particular zoning use that the district would allow, other than a school site.

City Manager Chan explained that changing the zoning would not be automatic and would require a rezoning process. Vice Mayor Hamilton verified with City Manager Chan that Council has the ability to rezone the area to something that would be compatible with the existing uses after a public hearing has been held and public input has been taken.

Vice Mayor Hamilton verified with Merrill that the projected current value of the land is based on residential zoning. Merrill stated the property has not been formally appraised at this time. Vice Mayor Hamilton verified with Merrill that a formal appraisal would identify the property as being zoned residential; therefore, the value could be different than the value received from staff of 10.5 to 12 million dollars.

Councilmember Swegles verified with Merrill that the amount required to rehabilitate the structure was determined from the input received from staff in public works, engineering and facilities. Merrill explained that the cost is a rough estimate driven from previous projects. A formal evaluation has not been done at this time and is pending Council action.

Councilmember Swegles verified with Merrill that if the buildings were to be eliminated, it would cost the City \$72,000 to store all the items from the facility. Merrill stated that the City may not want to store the furniture at all depending on whether storing the furniture would be more costly than the furniture itself.

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Councilmember Swegles questioned if the renovations were to occur, would it be done in stages or all at once. Merrill stated that the renovation process would depend on the intended use of the property. Councilmember Swegles verified with Merrill that if a renovation were approved, staff would review the option of allowing use of some of the areas during renovation, if at all possible, and then would return to Council with a recommendation.

Councilmember Swegles verified with Merrill that the City will not be renovating the entire park. Merrill explained that the Raynor Activity Center is the old school site that is located adjacent to Raynor Park. The area in discussion is the just the area that is comprised of the buildings and the sidewalk between them.

Councilmember Swegles verified with City Manager Chan that the Raynor Activity Center does not generate revenue and the cost to maintain the building has been substantial.

Councilmember Swegles verified with Merrill that staff is aware of the clogged storm drain at the center. Merrill stated that correcting this issue would require that the City facilities division locate funding to cover the cost of cleaning and reconstructing the storm drain. Merrill explained that at this time, the facilities division is waiting to move forward pending the outcome of this study. Merrill explained that the rough estimate to correct this drain is between \$20,000 to \$35,000, which includes digging up and realigning the storm drain.

Councilmember Moylan inquired if one of the buildings on the property were to be reconfigured into a branch library, could the other buildings be sold or leased out. Councilmember Moylan questioned whether a renovation could be done on an individual building basis or would the entire site need to be done all at once. Merrill responded that Council could provide direction as to the purpose for each building, keeping revenue and benefits to the overall community in mind.

Councilmember Lee inquired if Alternative 4 would be considered to be revenue neutral and Merrill stated revenues would vary greatly depending on the terms of the agreement; however, it is possible to achieve a cost neutral state or possibly receive additional revenue to the City if the buildings were leased at above market value.

Councilmember Swegles verified with Merrill that staff has not spent much time researching alternative sites for the groups currently operating within the buildings as staff is waiting on Council's decision this evening.

Councilmember Whittum verified with Merrill that the net present value of Alternative 4 depends on the renovation cost and the annual income generated from the use; however, it is possible that the renovation could actually allow for a net plus in terms of generating cash for the city depending on the agreement.

Councilmember Howe verified that the City owns the property and will be handling the leasing, given that the buildings are considered safe for use. Merrill stated several sections of the buildings are used primarily for storage because they are not in the best condition. Some buildings are completely unusable and that is why they are used for furniture storage.

Public hearing opened at 8:13 p.m.

Robert Obrey, chairman of the Arts Commission, stated the commission met with the Parks

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and Recreation Commission to review the Raynor Activity Center staff report. Obrey stated the Arts Commission voted 4-0 in favor of Alternative 4, which states that Council would approve leasing the site for long-term use for one or more lessees, who would invest in the site to upgrade the structures to meet building codes, and that the current uses and users would remain in the facility. Obrey stated concerns were expressed by commission members that if the artist studio spaces were no longer available, the artists would have a difficult time finding similar affordable space within Sunnyvale.

Councilmember Swegles verified with Obrey that neither the commission nor the public members attending the meeting addressed the fact that the artists may not have the funds to lease their current spaces if Alternative 4 was approved. Obrey stated if Council approves this alternative, the artists' ability to lease spaces would need to be further investigated.

Councilmember Moylan verified with a commission member in the audience that six artists use space at the center as studios. Councilmember Moylan questioned if the artists pay rent and Obrey stated he is not aware whether they pay rent or not.

Jim Colvin, chairman of the Parks and Recreation Commission, verified that the commission held a joint meeting with the Arts Commission regarding Raynor Park. During that meeting, members of the public expressed concerns over items such as the possibility of converting to high density housing, the overall loss of this facility to the neighborhood, and the loss of the services which are provided by the day care center and the gymnastics club. Colvin stated the Parks and Recreation Commission voted five to zero in favor of Alternative 4. Colvin explained that the intent of the commission in approving Alternative 4 was to have the lease(s) completed within a reasonable amount of time.

Councilmember Swegles inquired as to whether the Parks and Recreation Commission considered the non-profit status of the artists. Colvin stated there could be some generosity from the major lessee, which would allow the non-profit artists studios to continue. Colvin stated Council will hear more about this from the speakers.

Jim Griffith, chairman of the Library Board of Trustees, stated the board discussed this issue and on the basis that this item was well beyond the purview of the board, the members took no position on the alternatives. The board did recommend that the City make every reasonable effort to provide facilities for the Friends of the Library and Western Philatelic Library if they are displaced.

Griffith spoke about the benefits that the Friends of the Library and Western Philatelic Library offer to the community.

Vice Mayor Hamilton inquired about the specifics of the Board of Library Trustee's discussion. Griffith stated that one resident who attended their meeting specifically told board members that this decision was not within the library board's area of concern. Griffith stated that the resident was correct in that the board is not involved with issues about the arts. Griffith stated in his opinion the board was concerned about the City giving up land, and in general the board would have been most receptive to leasing the property due to the cost and availability of land. Griffith stated again that this was just his opinion on what the board would have been receptive to had they made a recommendation.

Brian Mason, a commercial real estate broker, stated that Council and others do not have enough information to make a good decision at this time. Mason stated this area is an asset that will continue to grow in value for the City, so there is no reason to sell this property.

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Mason explained that there are several ways to lease this property. One way is to lease the property in an "as is" state and any tenant leasing the property would be required to take on the capital improvements and repairs that would be needed in order to operate their business at that location. Mason stated the manner in which the leasing is structured can be evaluated for a cost neutral status.

Councilmember Swegles inquired about retrofitting the building and Mason explained that per a few general contractors' reports, the cost to retrofit the buildings would be around \$100 a square foot.

Councilmember Lee verified with Senior Assistant City Attorney Kathryn Berry that a master lease would work best, because all the sub-tenants could come in at the same time, thereby allowing for all the improvements to be done at once, but that that process would require a lot of capital. There are many different ways to structure leases for different uses and for varying obligations of the lessee(s).

Councilmember Howe had a discussion with Mason about the process of evaluating a tenant as to their ability to pay for expenses, and about the validity of the current uses at this facility.

Councilmember Howe stated the basis of his questioning is an attempt to identify whether the individuals or community groups who lease the spaces would have the ability to fund a retrofit along with the ongoing maintenance costs. Councilmember Howe verified that Mason is suggesting Council does not have enough information to make that determination currently.

Councilmember Howe verified with Mason that he recommends Council create a group to study this area further and come back to Council with more factual data such as market studies, bids from contractors, and appraisals.

Councilmember Howe inquired as to what would be Mason's best guess as to the length of time it would take the City to obtain a return on the retrofit expense. Mason explained that owners of an asset usually do not get a return on their money for four or five years.

City Manager Chan explained that Council's decision this evening is to choose the one option that Councilmembers would like staff to explore further and then return to Council. It is not appropriate for Council to enter into negotiations at this point.

Councilmember Whittum stated that it appears that Mason is optimistic that he could produce a master lease, which would cover all the current terms and users, even though four of the units collect \$580 a month for artists. Mason explained that the City would already be ahead \$100,000 by requiring that the tenant(s) assume the maintenance and repairs of their space. Mason stated although he does not know what the other tenants pay in rent, he does believe that a master lease would benefit the City and community, and could be a positive cash flow for the City. Mason stated he would not personally use an asset as a storage space if it had the ability to bring in revenue,

Councilmember Whittum verified with Mason he had two contractors look at the site and their proposals were one-third of the proposed cost of \$9 million.

Councilmember Swegles verified with City Manager Chan that staff consults with professionals consistently; however, staff would welcome assistance from community

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volunteers who would like to provide the City with additional information.

City Manager Chan stated the parameters of this item are really based on what type of work needs to be done. Director of Parks and Recreation David Lewis added that as part of preparing the staff report, staff consulted with engineers, property management professionals, and used information from a previous study regarding condition of the building. Director of Parks and Recreation Lewis stated that many of the buildings at this site still have asbestos and structural issues.

Councilmember Swegles explained to Mason that the information received from his resources could be passed on to staff and possibly included in the staff report.

Diane Ammon, president of Sunnyvale Gymnastics Club, stated they use one building in the Raynor Activity Center as a gym and would like to continue using the space. Ammon spoke about how valuable the club is to the community and to the students who participate in gymnastics.

David Krimsley spoke about the benefit of the Raynor Center and the My Dream Academy Child Care Center. Krimsley urged Council to vote against any motion that would result in rezoning the property for anything other than an education or community center.

Anita Spiro, board member for the Sunnyvale Gymnastics Club, spoke in support of the Raynor Activity Center and the gymnastics center.

Demetrios Triantafyllou, board member for Raynor Park Neighborhood Association, stated a number of Raynor Park tenants and members of the neighborhood held a joint meeting to discuss options for the Raynor Park Activity Center. The group unanimously supported Option 3 to keep the current usage and expand the recreational use of the Raynor Center. Triantafyllou stated it is essential to rent out this property at competitive market rates and the existing non-revenue services should be minimized or eliminated. Triantafyllou explained that this facility should maintain its value, which may require long-term leases with the required renovations spread out over a number of years.

James Sauer, Director of the Western Philatelic Library, spoke about the benefit to Sunnyvale residents from having the Western Philatelic Library in the community and urged Council to retain the Raynor facility.

Ikko Fushiki, president of My Dream Academy Child Care Center, talked about the benefits of the child care center to the community. Fushiki spoke of concerns over the staff report such as the extremely high estimate for the cost of refurbishing the buildings. Fushiki stated the staff report mentions low usage of Raynor Center; however, he has repeatedly asked the City to lease buildings 2 and 3, but the City denies his request and continues to use those buildings as storage areas. The staff recommendation to sell the property does not address the main issue, which is the use of Raynor Center; instead it leaves the property open to the possibility of high-density housing being built as reflected by the revenue figures expected from the sale of this property.

Councilmember Howe verified with Fushiki that 160 children attend the academy and about 50 percent live in Sunnyvale.

Councilmember Swegles disclosed that he previously met with representatives from My Dream Academy, the Gymnastics Club, the Western Philatelic Library and residents from

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Raynor Park and Birdland communities.

Vice Mayor Hamilton verified Fushiki might be interested in purchasing the site.

Vice Mayor Hamilton explained to Fushiki that the site is zoned as a public school presently and she would not think that her fellow Councilmembers would approve zoning the site as high-density zoning, because it would not be compatible with neighborhood uses.

Councilmember Swegles verified with Fushiki that if he were to purchase the property, he would accommodate the other uses on the property.

Councilmember Whittum explained that the reason several speakers have commented on possible high-density housing is due to the staff report identifying expected revenue of \$12 million, which would come from selling the property for a higher use such as high-density housing.

Denise DeLange read a letter to Council from the executive director of the Euphrat Museum of Art who was not able to obtain the meeting. The speaker expressed her support of the Raynor Activity Center continuing to be a home for artists and other community activities.

Roger Skinner, volunteer with the Western Philatelic Library, stated the staff report is not very effective in assisting with a decision on how to proceed with the site. Skinner recommended Council obtain additional details and information prior to making a decision on how to proceed. Skinner noted there is a steel fixture in the parking lot at the center and if the property were to be sold, the staff report does not identify how the City would dispose of this item. Skinner stated the City is wasting money by storing furniture in some of the buildings. The City should have allowed My Dream Academy to lease the building and renovate the playground. Skinner stated there is another steel structure between building six and seven and suggested that staff identify the purpose of that structure.

Flo Oy Wong, art advocate, spoke against the staff recommendation to sell Raynor Park Activity Center. Wong explained that without the center the artists will not have a studio space.

Councilmember Whittum disclosed he met with Flo Oy Wong and Ms. Rice.

Audrey Wong, grants program manager for Arts Council Silicon Valley, spoke in support of the arts to the community. Wong identified Council's decision as a vision for Sunnyvale and requested that should Council approve selling the Raynor property, that the City provide similar artist studios elsewhere in the City.

Eleanor Hansen stated Council should expect to have to spend money on their investment by doing maintenance. Hansen stated members of the public have valid concerns about the possibility of high-density housing being built at the Raynor Activity Center based on Council's previous track record in approving high-density housing.

Ian Prickett stated the Raynor site is portrayed in the staff report as being worth \$10.5 million to \$12 million, which is an amount that could only be generated from high-density or regular density housing. Prickett identified errors in the staff report such as the fact that there is significantly less open space available than what was included in staff's calculations. Prickett stated that the Raynor Park site was bought with money from the general fund and any money received from the sale of that site would need to go back into

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the general fund, and not for a new park. Prickett spoke in support of the Sunnyvale Gymnastics Club and stated that it is a unique facility within Sunnyvale.

Jian Chen, director of New Concepts Chinese School, spoke in support of the Raynor Activity Center and Option 3 and stated she is against a master lease.

Councilmember Whittum clarified Chen is interested in leasing one or two of the buildings at the Raynor Center for a multi-purpose use.

Councilmember Lee disclosed his daughter was a former student of the New Concepts Chinese School and he had a brief discussion with Chen.

Tap Merrick submitted copies of his written comments to Council. Merrick stated concerns over high-density developments within the City. Merrick stated the City should maintain and renovate their storage space at the Raynor Activity Center. Merrick stated the Raynor Center parking lot is needed as it services the park and therefore, the storm drain issue needs to be addressed whether the site is sold or not. Merrick acknowledged the positive work of the mayor in attempting to share resources and working with other cities.

Werner Gans stated Council should ask themselves how selling this property would affect the community as they make their decisions on whether to sell or lease the Raynor property. Gans stated he agrees with the previous speakers that sales revenue located in the staff report reflects a price that would be obtained from high-density housing.

Public hearing closed at 9:35 p.m.

Vice Mayor Hamilton verified with Director of Parks and Recreation Lewis that My Dream Academy and the Chinese School are the only parties who have let it be known that they may be interested in purchasing the property. Staff has not gone out seeking buyers.

Vice Mayor Hamilton inquired about the ability to sell school-zoned property to a private party. Senior Assistant City Attorney Berry explained that the deeds would need to be reviewed to see if any restrictions exist, but who is eligible for ownership is not really the question, rather the question revolves around what the zoning is for the area. Community Development Director Hom clarified that the Raynor Center is currently zoned for public facilities, which is not exclusively limited to schools, and would allow other public uses such as City facilities, public agencies and other public uses.

Vice Mayor Hamilton stated that selling the Raynor property might be the right thing to do as the City should not be involved in being a landlord. Vice Mayor Hamilton stated the staff report is missing some information and Council may want to postpone a decision until additional information is obtained including the value of the land.

MOTION: Councilmember Howe moved and Councilmember Swegles seconded to approve Alternative 4, Option 3: Council approves to lease the Raynor Activity Center site for long-term use by one or more lessees and stipulates that the lessee(s) invest in the site to upgrade the building structures to meet applicable building codes
with

- Council directs staff to return to Council with options.
- The goal is to be revenue neutral or positive, and should include renovations and maintenance.
- The goal of intended use(s) is to serve Sunnyvale residents as the primary objective.

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- Use of site to support goal #1 and goal #2.
- Explore branch library possibility to include all specialty books already existing on the site.

Vice Mayor Hamilton inquired as to what happens if staff cannot find a way to make the center either cash neutral or positive. Councilmember Howe explained that staff shall then return to Council for consideration of subsidizing the center or pursue another direction with the site.

Councilmember Howe explained that if staff feels they are not able to make the center cash position or neutral, they should return to Council.

Councilmember Whittum offered a friendly amendment to have staff consider an option that would maintain the present uses and users of the center.

Councilmember Howe explained that maintaining present uses and users of the center could potentially affect the ability to make the site revenue neutral. Councilmember Whittum stated that his amendment did not require staff to keep the users, rather to consider them as one of the options they explore. Councilmember Howe stated staff would automatically consider present use and users; however, if the current users could not lead to revenue neutral or revenue positive, then staff would need to look at other uses of that site.

Friendly amendment not accepted.

Councilmember Whittum inquired whether Councilmember Howe is recommending that the request for proposal (RFP) process be used for potential users. Councilmember Howe stated he assumes that staff would do that, but he did not want to direct staff at that level.

Councilmember Whittum inquired what Councilmember Howe meant by revenue neutral. Councilmember Howe stated his goal is not to use funds from the General Fund or the Parks and Recreation fund to maintain this site.

Vice Mayor Hamilton requested a friendly amendment to direct staff that any future staff reports, which have valuation of the property, are based on the current zoning, not potential future zoning.

Councilmember Howe stated Option 3 is not looking into selling the property. If staff is not able to find an option that will make the site revenue neutral, then it will be up to Council to make the decision what to do with the site at that time.

Vice Mayor Hamilton stated her concern is that the values included in the staff report are not based on the current situation and reflect valuation of high-density housing. Not included in the staff report was the fact that to receive that type of value for the center would require an entire rezoning of the site. This omission in the report has created confusion within the community.

Councilmember Howe stated staff should be able to come back with current zoning and future zoning as well. Councilmember Howe stated selling the property is not included in the motion at this time and personally he would prefer the City retain this property.

Friendly amendment not accepted.

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Councilmember Swegles thanked staff for their efforts, and the board and commission representatives and members of the public who spoke on this issue.

Councilmember Lee stated he is not in favor of selling this property and the current motion offers the opportunity to preserve a valuable asset for future public use. Councilmember Lee stated he supports the motion.

Vice Mayor Hamilton stated she will support the motion. Vice Mayor Hamilton stated her prior comments reflected her attempt to explore a way to structure a sale that would preserve the uses currently in place, but also would provide the funding that would allow for the City to fund an area that is desperately in need of park. Vice Mayor Hamilton stated she was attempting to find a way to obtain a double win for the City, but she also supports Councilmember Howe's alternative approach.

Councilmember Whittum stated he will support the motion, even though he does not feel that reaching revenue neutral or revenue positive is as important, but it appears it is possible to achieve that based on the discussions. Councilmember Whittum explained that this center is working well within this neighborhood. Councilmember Whittum stated that the City does need to address the City items that are stored at this location.

Mayor Spitaleri stated that he supports the motion. Mayor Spitaleri expressed concern that the buildings do need to be repaired and upgraded. Mayor Spitaleri stated the best situation would be to keep the current tenants in place and work out agreements with the current tenants for improvements.

Councilmember Howe thanked staff for their work on the report.

Restated MOTION: Councilmember Howe moved and Councilmember Swegles seconded to approve Alternative 4, Option 3: Council approves to lease the Raynor Activity Center site for long-term use by one or more lessees and stipulates that the lessee(s) invest in the site to upgrade the building structures to meet applicable building codes

with

- Council directs staff to return to Council with options.
- The goal is to be revenue neutral or positive, and should include renovations and maintenance.
- The goal of intended use(s) is to serve Sunnyvale residents as primary objective.
- Use of site to support goal #1 and goal #2
- Explore branch library possibility to include all specialty books already existing on the site.

and

- Council directs staff to return to Council if they find it's not possible to make the site revenue neutral or cash positive. Council would then decide to subsidize the center or do something else with the site.

VOTE: 7-0

Mayor Spitaleri called for a ten minute recess and upon reconvening; Council will next address Item 7 on the agenda.

7. RTC 08-236 Municipal Code Revision Chapter 5.36 – Taxicabs (Study Issue)