ITEM NO. 21

STAFF REPORT

CITY OF OCEANSIDE

DATE: March 07, 2007

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

SUBJECT: **DIRECTION FROM CITY COUNCIL REGARDING THE REQUEST FOR PROPOSALS FOR THE SALE OF THE PALA ROAD WEST OF LOS ARBOLITOS BOULEVARD PROPERTY**

SYNOPSIS

Staff is seeking direction from the City Council regarding the Request for Proposals for the sale of a City-owned vacant parcel of land generally known as the Pala Road west of Los Arbolitos Boulevard property. More specifically, whether the subject property will: 1) consist of the 21+/- acres as originally described; 2) consist of only a portion of the original size (about ½ of the 21+/- acres); or 3) not be made available for sale.

BACKGROUND

The Pala Road west of Los Arbolitos Boulevard property ("Pala Property") was originally acquired for flood control improvements in connection with the San Luis Rey River in 1992. As the flood control improvements were completed over the years, portions of the Pala Property were no longer needed for the purposes for which the property was acquired. In 2003, the City Council declared a number of parcels of land owned by the City, including the subject property, as surplus, which allowed the City to sell the parcels of land to the general public.

The Pala Property consists of approximately 21 gross acres. The Pala Property is currently a vacant, unimproved parcel of land. The Pala Property is located immediately to the east of, and adjacent to, the southerly levee of the San Luis Rey River. The Pala Property is bordered on the east by existing single-family detached residential homes. The Pala Property is zoned a combination of SFD–R (single-family detached residential) and OS (open space).

Due to the interest by the development community to acquire developable residential vacant parcels of land in the City, similar to the Pala Property in 2006, a Request for Proposals ("RFP") to sell the Pala Property was approved by the City Council. Staff received proposals from a number of development entities expressing an interest to develop the Pala Property. Around the time the proposals were submitted, staff also received correspondence from some of the residents in the adjoining neighborhood

indicating a desire to keep the Pala Property, or at least a portion thereof, from being sold for the development of residential homes.

ANALYSIS

As a result of the interest by the development community to acquire and develop the entire Pala Property and the conflicting desire from some of the residents of the adjoining neighborhood to keep all or a portion of the Pala Property from being developed as residential homes, staff is seeking direction from the City Council as to how to proceed with the sale of the Pala Property. A description of the Pala Property and a proposed division of the Pala Property into a developable area and an area to remain undeveloped is shown on the attached Exhibit "A".

Revenue can vary significantly depending on: 1) a sale of the Pala Property as originally contemplated; 2) a sale of the Pala Property divided as per the attached Exhibit "A"; or 3) the Pala Property is not sold and remains in an "as is" condition. Further, the division of the Pala Property reducing the developable acreage could result in a property that may not be a feasible development opportunity for a number of developers, which could further affect the potential revenue. In the event of a reduction in the size of the Pala Property to keep a portion of the property from being developed, staff will need to re-issue the RFP under modified criteria.

FISCAL IMPACT

If the assumption is made that 15+/- acres of the Pala Property could be developed, and that the property is sold subject to the approval of a reasonable amount of development entitlements, the potential revenue to the City under the three options could be as follows: 1) If the Pala Property is sold without a reduction in size, revenue could be in the neighborhood of $8,000,000; 2) if the Pala Property is reduced to approximately 8 developable acres per Exhibit "A", the revenue could be in the $4,000,000 range (keeping in mind that potential revenue may not be proportionate to the developable acreage reduction); and 3) if none of the Pala Property is sold and kept "as is" accordingly, there would be no revenue to the City.

Further, at the time of the issuance of the current RFP, the sale of the entire Pala Property was anticipated with the projected revenue of $8,000,000 earmarked for the construction of future City capital improvement projects, such as Fire Station No. 1. Should there be a reduction in the size of developable acreage of the Pala Property together with the corresponding reduction in potential revenue, staff will need to reassess the significant impact on funding the construction of projects such as Fire Station No. 1.

INSURANCE REQUIREMENTS

Does not apply.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

Does not apply.

RECOMMENDATION

Staff is seeking direction from the City Council regarding the Request for Proposals for the sale of a City-owned vacant parcel of land generally known as the Pala Road west of Los Arbolitos Boulevard property. More specifically, whether the subject property will: 1) consist of the 21+/- acres as originally described; 2) consist of only a portion of the original size (about ½ of the 21+/- acres); or 3) not be made available for sale.

PREPARED BY:

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Real Property Manager

SUBMITTED BY:

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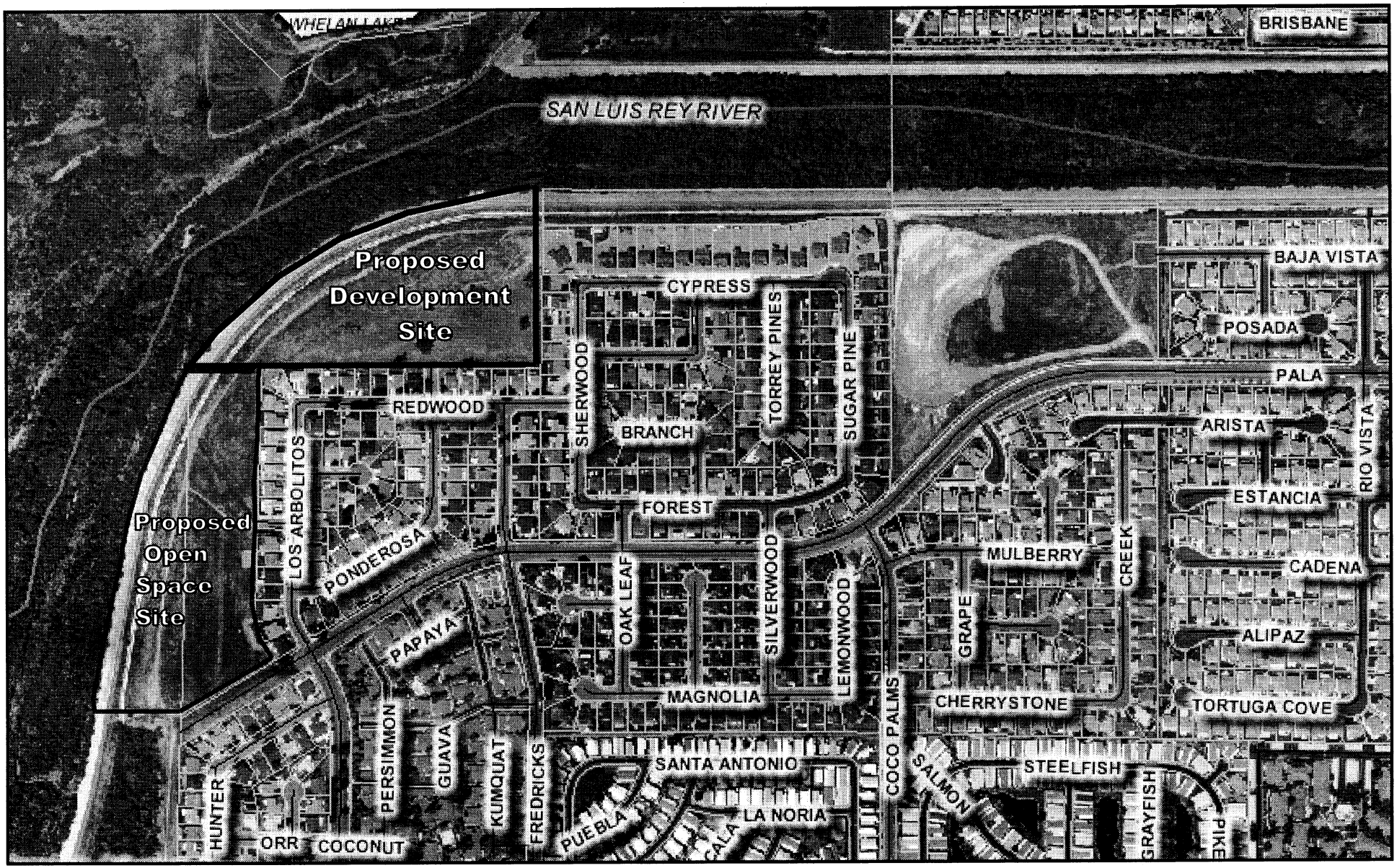
Interim City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Joseph Arranaga, Acting Deputy Public Works Director

EXHIBIT A


WHELAN LAKE
BRISBANE
SAN LUIS REY RIVER
Proposed Development Site
Proposed Open Space Site
CYPRESS
TORREY PINES
SUGAR PINE
SHERWOOD
BAJA VISTA
POSADA
PALA
ARISTA
RIO VISTA
ESTANCIA
CADENA
ALIPAZ
REDWOOD
BRANCH
FOREST
LOS ARBOLITOS
PONDEROSA
PAPAYA
OAK LEAF
SILVERWOOD
LEMONWOOD
MULBERRY
CREEK
GRAPE
MAGNOLIA
CHERRYSTONE
TORTUGA COVE
COCO PALMS
SALMON
STEELFISH
GRAYFISH
PIKE
SANTA ANTONIO
LA NORIA
PUEBLA
FREDRICKS
KUMQUAT
GUAVA
PERSIMMON
HUNTER
ORR
COCONUT