



# Agenda Item

## City Council

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**Item #:** 3.21.

11/10/2020

**File #:** 20-182

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**TO:** Honorable Mayor and Members of the City Council

**THRU:** Rick Otto, City Manager

**FROM:** Christopher Cash, Public Works Director

### 1. SUBJECT

Sale of real property along 331-353 S. Main Street to St. Joseph Hospital of Orange.

### 2. SUMMARY

Sale of real property along 331-353 S. Main Street to St. Joseph Hospital of Orange, reserving an easement for public right-of-way (streets and sidewalks) and existing public utilities.

### 3. RECOMMENDED ACTION

Approve the sale of real property along 331-353 S. Main Street to St. Joseph Hospital of Orange, and authorize the Mayor and City Clerk to execute the grant deed and related escrow documents on behalf of the City.

### 4. FISCAL IMPACT

Upon close of escrow, the sale proceeds of \$111,700 will be deposited in the Transportation System Improvement Program (286).

### 5. STRATEGIC PLAN GOALS

Goal 1: Provide for a safe community

d: Assure the development of the City occurs in a fashion that maximizes public safety.

Goal 2: Be a fiscally healthy community

d: Effectively manage and develop City assets.

### 6. DISCUSSION AND BACKGROUND

In 2011, the City purchased 1,515 square feet (SF) of property at 331-353 S. Main Street from St. Joseph Hospital of Orange, to construct a dedicated right turn lane from northbound Main Street to eastbound Columbia Place. The acquisition cost was just under \$80,000, ~\$52.80/SF, including the purchase price, escrow fees, title insurance, and appraisal.

St. Joseph Hospital of Orange (SJHO) has recently proposed a new project consisting of a four story medical office building with five levels of underground parking at 331-393 S. Main Street. The project will have the underground parking structure extending under a portion of Main Street and Columbia Place; however, SJHO does not own, nor have any easement rights, to those portions of Main Street and Columbia Place.

In discussions between SJHO and the City, several options were evaluated. Rather than grant an easement to build the structure under the existing public right-of-way, it is more advantageous to sell the needed property to SJHO with the City reserving an easement for public right-of-way (streets and sidewalks) and existing public utilities. By owning the property in fee and as the sole owner, SJHO will benefit greatly when filing a tract map for the property. If only an easement was granted, the City would have to be a joint owner and partner on the tract map. In addition, by being the sole owner, it benefits SJHO's entitlement process and funding.

In the attached letter from SJHO, they will purchase from the City the original 1,515 SF of property for \$80,000, plus an additional 600 SF of property for \$31,700, for a total purchase price of \$111,700. The price for the 600 SF was computed using the same cost of ~\$52.80/SF as the original 1,515 SF purchased in 2011. Since this is not a City project, SJHO will be responsible for all recording fees, escrow charges, title insurance, etc. The City will net the entire amount of \$111,700 with no expenses for this sale of property. The original purchase by the City was from Transportation System Improvement Program (TSIP) fund and the sale proceeds will be deposited back to the TSIP.

This sale of this real property is not considered surplus property under Government Code Section 54220, et seq, as the City will still retain easement rights for public right-of-way (streets and sidewalks) and existing public utilities. (These were the rights the City needed and purchased the property in fee for in 2011.)

Should SJHO not commence construction of this project within five years, they may request to sell back all the property to the City for \$111,700. In addition, they will be responsible for all recording fees, escrow charges, and title insurance, etc.

Tonight's action is for City Council approval of the sale of real property along 331-353 S. Main Street to SJHO per the conditions and exhibits in the attached letter.

## **7. ATTACHMENTS**

- Letter with exhibits from SJHO dated October 8, 2020