



Council Agenda Report

Item 6c

Department: Administration
Cost Center: 1005
For Agenda of: 9/7/2021
Placement: Consent
Estimated Time: N/A

FROM: Greg Hermann, Deputy City Manager

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SUBJECT: APPROVE AN EXCLUSIVE NEGOTIATING AGREEMENT FOR ROSA BUTRON DE CANET ADOBE

RECOMMENDATION

Approve an Exclusive Negotiating Agreement between the City of San Luis Obispo, Ecologistics as fiscal sponsor for The Peace Project, and Smart Share Housing Solutions, for adaptive reuse and rehabilitation of the Rosa Butron de Canet Adobe and grounds, in a final form satisfactory to the City Attorney.

DISCUSSION

Background – Property History

The City of San Luis Obispo has owned the Rosa Butron de Canet Adobe located at 466 Dana Street since 1989. The City Council adopted a Resolution of Acceptance at that time and agreed to acquire the property as a life estate gift from Ms. Mary Gail Black for site stewardship, restoration, and public uses. It is understood that the donor's intent was for the City to hold and take care of the property over the long-term, including both the residence and the grounds.

The Rosa Butron de Canet Adobe is listed as an historic residence on the City's Master List of Historical Resources. Only the front room of the existing structure is the circa. 1845 historic adobe itself, while a subsequent veranda that was added around 1865 is also considered to be a contributing component of the structure's historicism. Several other additions and outbuildings were added and / or modified much later to the rear of the structure (Gil Sanchez, FAIA. 1998). There are numerous large, mature heritage trees on the site (magnolia, avocado, pecan, coast live oak, valley oak, redwood), as well as a portion of Stenner Creek at the back of the site, comprising grounds of about three-quarters of an acre.

The City rented the house in the early years of its ownership until it became unsafe and uninhabitable and has used it for storage in more recent years. The house is currently vacant, although the City does provide basic maintenance and upkeep to the house and grounds. It is important to note that the Rosa Butron de Canet Adobe needs extensive refurbishment, restoration, or rehabilitation prior to it being suitable for occupancy.

City resources to maintain, restore, and activate its suite of adobe properties are limited and all of the City's adobes are in need of some level of investment and utilization to preserve these important historic resources; partnering with community organizations and private entities is one way to accomplish this.

Background – Request for Information

Following City Council's direction, staff issued a Request for Interest (RFI) document seeking community partners to help the City rehabilitate and re-use the City's Rosa Butron de Canet Adobe. The RFI was issued on March 6, 2020, to known interested parties, broadly to non-profit hubs such as The San Luis Obispo County Community Foundation and SPOKES: Resources for Non-Profits, and to local affordable housing organizations including the Housing Authority and People's Self Help Housing in accordance with California Surplus Land Act, as may be applicable. The RFI was also published on the City's website together with a notification item.

The close of the RFI period occurred on April 17, 2020. Meritorious responses were received from two community-based organizations; one was from The Peace Project (with fiscal sponsorship from Ecologistics) and the other was from Smart Share Housing Solutions. In reviewing their respective proposals, it appeared that there might be opportunities for collaboration between the two groups. After introductory conversations, the two groups sat down together and came to a conceptual agreement through a signed Memorandum of Understanding ("MOU") for a combined approach that will provide revenue and options to get the adobe rehabilitated and activate the site, while also adhering to Mary Gail Black's donative intent and other City goals and objectives.

Collectively, the proposed project is known as the "Waterman Peace Village" and entails three components: 1. Rehabilitation of the adobe itself and site infrastructure for public use, 2. Construction and installation of tiny housing units by Smart Share Housing Solutions, and 3. Construction and installation of new studio for art and sculpture exhibits and community space around the themes of peace, sustainability, and diversity, equity and inclusion.

Key Highlights of the Exclusive Negotiating Agreement

The ENA includes the following key deal points and structure that are consistent with prior direction from the City Council:

1. Two-year term for exclusive negotiations.
2. Maintenance of non-profit status at all times.
3. Fundraising plan submittal and proof of financial ability to complete the project.
4. Lease negotiation and execution can begin upon satisfactory due diligence, including zoning and / or General Plan requirements, submittal of satisfactory design and construction schedule, and evidence of available funds.
5. Anticipated lease terms include a 55-year term and rent of \$1 per year.
6. Standard review and approval process, including public hearings with the Cultural Heritage Committee and other applicable City bodies, as well completion of the environmental review process prior to any construction.

Previous Council Action

In August 2019, the City Council directed staff to issue an informal Request for Information (“RFI”), as described above, to better understand and gauge community interest in the Rosa Butron de Canet Adobe site.

On December 5, 2020, the City Council directed staff to negotiate the Exclusive Negotiating Agreement with the above-named community groups.

Policy Context

The City’s Financial Management Manual (Section 475-C) allows exclusive negotiations for long term leases of City property, as well as provisions for leases to non-profit organizations, where there is a clear link between the proposal and accomplishment of significant City goals, plans or policies and where the proposal has a clear and measurable community benefit. Staff considers the activities described for The Waterman Peace Village to be in the public interest in accordance with the City’s historic preservation goals, the Conservation and Open Space Element of the General Plan that provides policy regarding adaptive re-use of the City’s historic structures, with the Downtown Concept Plan, and with the Housing Element of the General Plan. Accordingly, the proposed project appears to meet the basic policy framework and parameters for entering into an ENA in accordance with the Financial Management Manual.

Public Engagement

The RFI was also published on the City’s website, together with a notification item, and was broadly distributed. In addition, this item is on the agenda for the September 21, 2021, City Council meeting and will follow all required postings and notifications. The public may have an opportunity to comment on this item at or before the meeting. It is important to note that this item authorize the ENA only; any subsequent lease agreement and projects that may arise from these negotiations are subject to additional, future public review processes.

CONCURRENCE

The City’s Community Development Department concurs with the recommendation from both a housing and historic preservation perspective.

The Board of Directors for Ecologistics and Smart Share Housing Solutions approved the draft Exclusive Negotiating Agreement at their meetings that took place on August 2, 2021, and August 12, 2021, respectively.

ENVIRONMENTAL REVIEW

Entering into the ENA is not a Project, in and of itself, in accordance with the California Environmental Quality Act (CEQA). However, any future activities that meet the definition of a “Project” under CEQA Guidelines will be subject to the environmental review process.

FISCAL IMPACTBudgeted: Yes/**No**Budget Year: **2021-22**Funding Identified: Yes/**No****Fiscal Analysis:**

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund				
State				
Federal				
Fees				
Other:				
Total	N/A	N/A	N/A	N/A

The recommended action does not entail any direct expenditures. Modest staff time to complete the ENA and attend to the agreement is supported within the operating budgets of the City Administration and IT Department and Community Development Department.

ALTERNATIVES

1. Request additional information or clarification prior to taking action.
2. Request further changes to the draft Exclusive Negotiating Agreement.
3. Deny the Exclusive Negotiating Agreement. This action is not recommended as staff have worked in good faith with the other parties to the ENA in accordance with prior City Council direction.

ATTACHMENTS

A – Draft Exclusive Negotiating Agreement FOR Rosa Butron Adobe