



MEETING DATE: 04-02-07
ITEM NO:

10

COUNCIL AGENDA REPORT

DATE: MARCH 27, 2007
TO: MAYOR AND TOWN COUNCIL
FROM: DEBRA J. FIGONE, TOWN MANAGER
SUBJECT: PROVIDE DIRECTION TO PROCEED WITH PUBLIC PROCESS TO CONSIDER SALE OF 13-ACRE TOWN-OWNED PARCEL IN VASONA PARK TO COUNTY OF SANTA CLARA FOR CONTINUED USE AS PARKLAND

RECOMMENDATION:

Provide direction to proceed with the public process to consider the sale of 13-acre Town-owned parcel in Vasona Park to the County of Santa Clara for continued use as parkland.

BACKGROUND:

The Town of Los Gatos owns a 13-acre parcel of land located in and surrounded by Vasona Park, which is owned by the County of Santa Clara. Attachment 1 shows the location of the Town-owned parcel. This property has been leased to the County since 1960, as discussed below. The County has used the property for park purposes within Vasona County Park since this time, and would now like to purchase the property from the Town for continued park use. Attachment 2 is a letter from the director of the County Parks and Recreation Department stating the County's interest in purchasing the property for continued park use. The purpose of this staff report and the discussion at the April 2, 2007 Town Council meeting is to describe the history and process leading to the County's request and to identify the recommended public process for the Town to consider the sale should the Council determine to proceed.

DISCUSSION:

History of Vasona Property

The records concerning the history of the Vasona property prior to the lease agreement with the County of Santa Clara in early 1960 are difficult to assemble. However, prior research by the Town Attorney revealed that the property was probably acquired by the Town sometime between 1910 and 1920 and

PREPARED BY: PAMELA S. JACOBS
ASSISTANT TOWN MANAGER

Pamela S. Jacobs

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Reviewed by: _____ Assistant Town Manager OK Town Attorney
_____ Clerk Administrator _____ Finance _____ Community Development

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was leased out to private uses, including a gravel quarry operation from approximately the mid-1940s until the property was leased to the County. The property had never been developed or used by the Town for park purposes.

The property was leased at no cost to the County in 1960 "to establish and maintain a public park. . . ." The lease was for a period of 25 years with an option for an additional 25 years. The option was apparently exercised by the continued use by the County without objection by the Town. The property has been continuously used by the County pursuant to the lease from 1960 until the present date. The lease automatically terminates on January 1, 2010.

In December 1965 the Town Council adopted resolution 1965-260 asking the County to acquire the property using funds available for park acquisition and development. In March 1966 the County Board of Supervisors notified the Town that they would not consider the purchase of the property "because of the County policy of a moratorium at this time regarding the purchase of property for park purposes."

Another area in which there is overlapping ownership of property in Vasona Park is the property in use by Billy Jones Railroad. In this case, six-tenths (0.66) of an acre of the property occupied by one of the Billy Jones buildings is owned by the County and the remainder is owned by the Town. Billy Jones Railroad has been operating pursuant to a license agreement with the Town, Santa Clara County and the Santa Clara Valley Water District (as property adjacent to the creek is owned by the District) since 1968.

History of Process Leading to Proposed Sale

In 2004, the County proposed to purchase the Town's 13 acres in Vasona Park. Initially, the County and Town explored a land exchange of the Town-owned property for other property in Vasona Park based on direction given by the County Board of Supervisors and the Town Council in their respective closed sessions under the exception in the Brown Act regarding real property negotiations. In 2004, the County expressed its interest in Town consideration of a cash-only purchase of the Town's 13-acre property. The Town Council subsequently authorized staff in closed session to undertake an appraisal of the Town's property jointly with the County.

The Town and County jointly funded an appraisal conducted by Hulberg & Associates, an appraisal firm with significant experience conducting appraisals for the public sector. The appraisal indicates a value of \$7,025,000 for the Town's 13 acres.

The appraiser based the value on an assumption of the highest and best use of the property, which was for residential development at a density of 5.9 dwelling units per acre. This assumes the possibility that the land could be developed for this purpose, even though no plans exist to do so. This valuation is advantageous for the Town because it assumes a more valuable use than would be the case if the valuation was based on park use.

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The County's Offer

The County has made a verbal and written, final offer of \$6,000,000 for the Town property. The offer reflects two adjustments to the appraised value: First, the County deducted \$500,000 in consideration of the cost to acquire road easements and road/bridge improvements to access the Town's property, assuming the property was developed. Second, the County deducted roughly \$525,000 to account for a 0.66 acre land exchange, whereby the County-owned land on which one of the Billy Jones railroad buildings sits would be transferred to the Town. This offer is fair and reasonable and has been accepted by the Town Council in closed session.

Considerations Regarding the Sale of the Property

The Town-owned property has been in continuous park use since its lease to the County in 1960. Visitors to Vasona Park have been enjoying the picnic areas, pedestrian and bicycle trails, and playground on the Town's property, without realizing that the 13-acre parcel actually belongs to the Town.

During discussions with the County regarding the sale of the property, staff inquired as to whether alternative uses, such as soccer fields, could be developed on the Town's property. County staff advised the Town that active uses such as soccer fields would not be consistent with the passive nature of Vasona Park. As noted in the attached letter from the County (Attachment 2), the County Board of Supervisors and the County Parks and Recreation Commission are interested in maintaining the passive uses within Vasona, and have reaffirmed this interest in response to several proposals for more active facilities over the years. The County believes that the public and park users would confirm the desire to keep Vasona Park in passive uses.

In addition, the Town's property is currently accessed only via passage through the County's property, limiting the possibility for development of the Town's property without easements from the County. Given the County's interest in maintaining passive uses, it is unlikely that this access would be granted.

Finally, Town staff also evaluated the potential for soccer fields on the property from a physical perspective. Owing to the trees and creek on the site, the developable land area would not accommodate a soccer field or fields. Another issue limiting the development of this property for soccer fields is the geese droppings that would present a nuisance or hazard for this type of activity.

Based on the public's continued use of the Town's property as parkland for the past nearly 50 years, the County's interest in maintaining passive uses in the park, constraints to developing the Town's property for other purposes, and the financial value to the Town associated with a sale of the property, the sale of the property to the County appears to be in the best interest of the Los Gatos community. Accordingly, Council directed staff to proceed with the public process to consider the sale of the property to the County beginning with this matter being before the Council in open session. The sale to the County

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would ensure that the property remains as parkland in perpetuity and that the public will continue to enjoy the property as they have since 1960. This objective would be guaranteed through either a deed restriction or through language in the sale agreement.

Recommended Public Process

Because the property would continue to be used as a park after the sale, no special procedure associated with disposal of Town real property is required. However, it is recommended that a deed restriction or restrictive language in the sales agreement confirm that the property will remain in park use in perpetuity.

Government Code §65402 does require that any proposed disposition of real property be reviewed by the Planning Commission, which must prepare a report indicating that the disposition conforms with the General Plan. The fact that the land has been under County control and used as a park since 1960 and would continue to be used as a park after the sale should enable a finding of General Plan conformity. This matter could be scheduled at a Planning Commission meeting in April.

Staff is also recommending that the proposed sale be reviewed by the Parks Commission, which is charged with acting in an advisory capacity to the Town Council in matters pertaining to public parks. Staff would provide background material regarding the proposed sale to the Parks Commission and would be available to answer their questions. The Parks Commission could then comment on the sale. This matter could be scheduled at the Parks Commission meeting in May.

Finally, consideration of the proposed sale would return to the Town Council in May or June for a final decision whether to proceed or not proceed with the sale. At each of these meetings, beginning with the April 2nd Town Council meeting, the public will have an opportunity to understand the purpose of the sale, and to provide comments and input.

CONCLUSION:

The Town has an opportunity to sell to the County of Santa Clara for \$6 million a 13-acre parcel located in and surrounded by Vasona Park. The County has leased the property from the Town since 1960 for use as parkland, and would continue to use the property as parkland in perpetuity. The transaction would also include a .66 parcel of land currently owned by the County and leased to Billy Jones Railroad.

Based on the past and future use of the property as parkland, the limitations to developing the property for other uses, and the financial value of a sale, it appears to be in the best interest of the Town to sell the property to the County. A public process, including discussions at the Parks Commission and the Planning Commission, will provide opportunities for the community to comment regarding the proposed sale.

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ENVIRONMENTAL ASSESSMENT:

Is not a project defined under CEQA, and no further action is required.

FISCAL IMPACT:

Costs to implement the public process would be absorbed within existing operating budgets of the participating departments. If the sale of the Town-owned property is completed, the Town would receive \$6 million, which would become discretionary funds of the Town. Use of these discretionary funds is subject to the standard budgetary policy authority of the Town Council. The potential use of the sale proceeds is not a topic of consideration at this time.

Attachments:

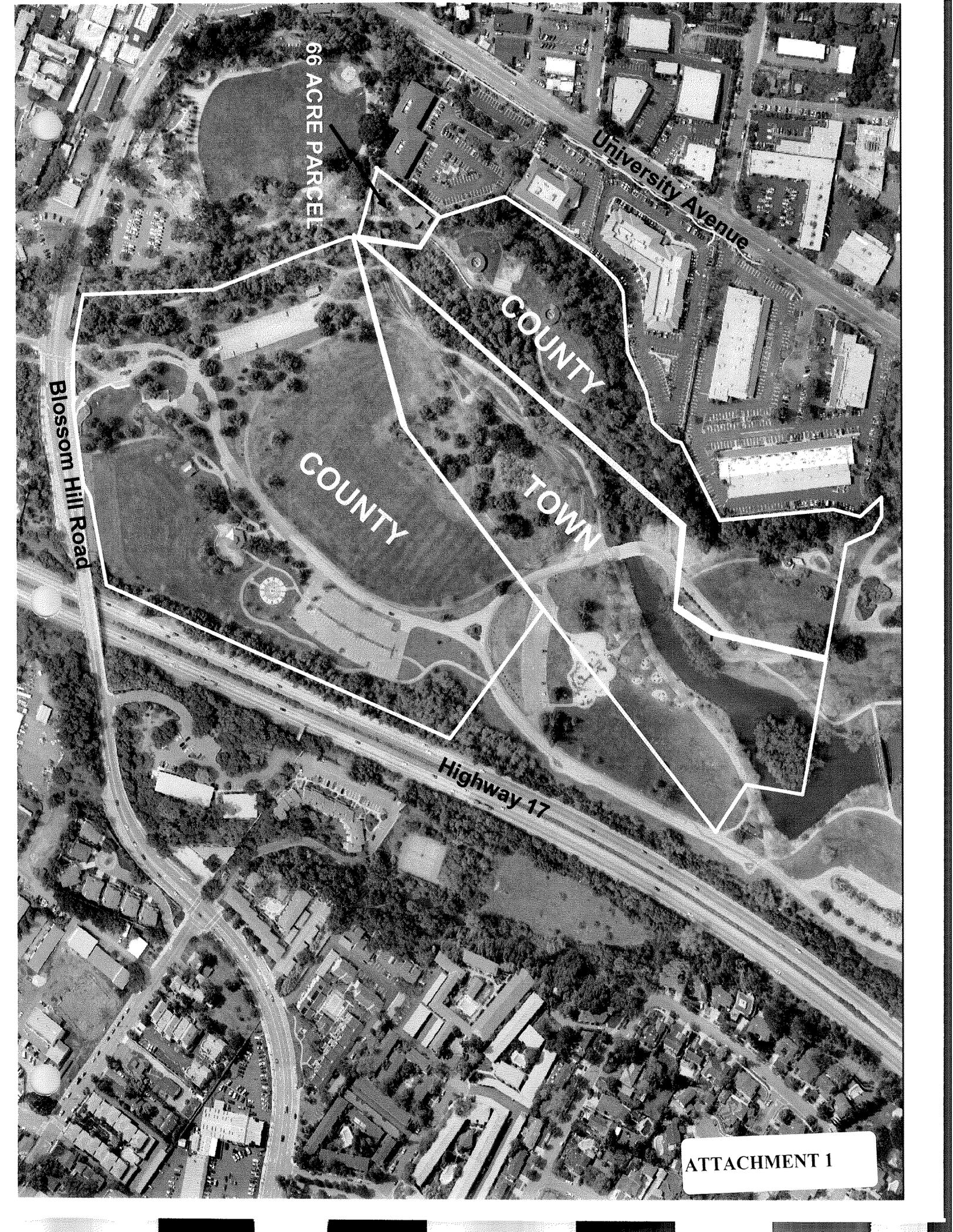
1. Aerial Map of Town Property in Vasona Park
2. Letter from Lisa Killough, Director, Santa Clara County Parks and Recreation Department

Distribution:

Peter Kutras, Jr., Santa Clara County Executive

Lisa Killough, Director, Santa Clara County parks and Recreation Department

Peter Panacy, Executive Director, Billy Jones Railroad



66 ACRE PARCEL

University Avenue

Blossom Hill Road

COUNTY
TOWN
COUNTY

Highway 17

ATTACHMENT 1

County of Santa Clara

Parks and Recreation Department

298 Garden Hill Drive
Los Gatos, California 95032-7669
(408) 355-2200 FAX 355-2290
Reservations (408) 355-2201
www.parkhere.org



March 26, 2006

Ms. Debra Figone, Town Manager
Town of Los Gatos
P.O. Box 949
Los Gatos, CA 95031

Subject: Vasona Property Owned by the Town of Los Gatos

Dear Ms. Figone:

It is my understanding that the Town of Los Gatos is proceeding with the public process to consider the transaction for properties in Vasona and Oak Meadow parks. Following are the key points regarding the County's interest in such a transaction.

On behalf of the County of Santa Clara per the Board of Supervisors' directive in a June 19, 2006 meeting, I am writing to confirm that the County still wishes to execute a land exchange with the Town of Los Gatos for properties within Vasona and Oak Meadow parks. We understand that the Town Council will soon be considering the County's offer to trade a 13-acre parcel that the Town owns within Vasona Lake County Park in exchange for a half-acre parcel that the County owns within Oak Meadow Park and a County cash payment of \$6,000,000. Both parks are considered community treasures and it is the County's desire that both parcels be preserved in perpetuity for park purposes as part of the transaction.

The Board, County Parks and Recreation Commission, and County Parks and Recreation Department are particularly interested in maintaining the passive uses within Vasona. Through the years, there have been several proposals for more active facilities within the park and at every juncture, the Board and Commission have reaffirmed the park's pastoral quality and open space values. These values have also been reinforced through a recent statistically-valid phone survey, which shows the top public priorities for County Parks continue to be multi-use trails, family picnicking and nature appreciation. In fact, when the County park system was established in 1956, one of the founding principles was to provide facilities "of such a nature as to be suitable for county-wide and regional services" and that the County "not engage in intensive, organized, urban type recreation program on small park areas inside urban developed territory". The County continues to advocate for a regional park system that is complementary to adjacent neighborhood parks and sports facilities without competing for the same uses.

ATTACHMENT 2

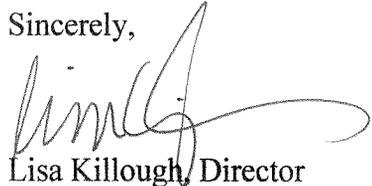


Board of Supervisors: Donald F. Gage, Blanca Alvarado, Pete McHugh, Ken Yeager, Liz Kniss
County Executive: Peter Kutas Jr.

We believe that this transaction is in the best interest of the County and Town. The transaction will allow each jurisdiction to gain control of properties that are generally considered part of Vasona or Oak Meadow parks.

We value our relationship with the Town and hope to successfully conclude this transaction in the near future.

Sincerely,



Lisa Killough, Director
Santa Clara County Parks and Recreation Department

c: Peter Kutras, Jr., County Executive
Gary Graves, Chief Deputy County Executive
Jane Decker, Deputy County Executive