



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** MAY 7, 2019

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** KENNETH A. DOMER, CITY MANAGER

**PREPARED BY:** HUGO CURIEL, DIRECTOR OF PARKS AND RECREATION

**SUBJECT:** UPDATE ON THE ACQUISITION OF PEARL LOT - 3001 PEARL DRIVE

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### **SUMMARY**

Update to the City Council on the acquisition of Pearl Lot located at 3001 Pearl Drive.

### **RECOMMENDATION**

Receive and file.

### **PRIORITY POLICY STATEMENT**

This item matches the following Priority Policy Statement/s:

- Infrastructure and City Assets.

### **FISCAL IMPACT**

Acquisition cost is estimated at \$850,000 including purchase and fees. Funding from the Park Dwelling Fund is currently available in the Pearl Lot Acquisition Project #54033.

### **DISCUSSION**

Since 1998, several efforts have been made to deed the Pearl Lot property, located at 3001 Pearl Drive, over to the City so that it could be redeveloped as a public park to serve the local community. In several of those attempts, most owners had agreed to deed the property over to the City with the exception of a couple hold-outs. This particular area is considered severely park deficient. There are no parks within a one-half mile radius.

Pearl Lot is a blighted vacant lot located in the Gems Neighborhood near Placentia Avenue and Yorba Linda Boulevard. The empty lot was once used for a pool and pool

house from 1973 to 1998 when the lot was locked up. Due to the lack of maintenance, the pool had deteriorated to the point that it had to be demolished and covered by the City in 2007. Since then, the lot has presented several issues related to the lack of maintenance with the lot's condition eventually declining due to a lack of attention from its HOA. The lot was originally structured to be operated and managed by the Gems HOA, composed of 33 undivided ownership interests. For several years now, the HOA has no longer met nor has there been any record of any structure of a governing board.

In 2017, Council redirected staff to make another attempt to acquire the lot. As part of the process, the lot was appraised at \$740,000. The cost to acquire the lot including purchase, escrow fees and real estate contractor was estimated at \$850,000. City Council gave the City Manager the authority to negotiate with the owners of the 33 lots.

Concurrent to this, Staff worked with the City Attorney to review the CC&R's and it was opined that it was necessary to convene the owners to make modifications to the CC&R's in order to move forward due to the fact that the City had not secured all owners and there was question as to the ability of the individual owner's mortgage companies agreeing to sell the undivided interest in the common property. As a result, a majority of the 33 undivided interest owners convened and voted to modify the CC&R's so that the HOA could have the ability to convey the property to the City. As of this reporting, the City's acquisition contractor, Epic Land Solutions, has successfully closed escrow on 25 lots, six lots are currently in escrow and two lots are not yet in escrow.

The City now has majority ownership of Pearl Lot and is beginning the next two phases which are funding and conceptual design. Staff has begun meeting with the community and its partners to hear the needs and concerns of the community and how the City and potential partners could collaborate on the development and design of the park. Staff is seeking potential grant funding sources as well. St. Jude Medical Center has committed \$75,000 for park equipment through their Healthy Communities program.

The next steps are to continue with the completion of the real estate sales transaction, continue to move forward with the outreach related to the park's planning process and seek grant funds and funding partners.