



Legislation Text

File #: 20-214, Version: 1

Report Prepared by: Frank Quintero, Director of Economic Development

SUBJECT: Approval of Purchase and Sales Agreement Between the City of Merced and El Capitan Hotel Merced, LLC Exchanging Public Artwork for a Strip of Land (Walkway) Located Immediately West of the El Capitan Hotel Between 609 and 629 W. Main Street

REPORT IN BRIEF

Considers approving the terms of sale for a 1,286-square-foot strip of land previously used as a walkway located between 609 W. Main Street and 629 W. Main Street in exchange for one or more pieces of public artwork.

RECOMMENDATION

City Council - Adopt a motion approving the purchase and sale agreement between the City of Merced and El Capitan Hotel Merced, LLC, for the strip of land located between 609 W. Main Street and 629 W. Main Street (Assessor's Parcel Number 031-133-014); and, authorizing the City Manager or the Assistant City Manager to execute all the necessary documents.

ALTERNATIVES

1. Approve as recommended by staff; or
2. Approve, subject to conditions as specified by the City Council; or
3. Deny the request; or,
4. Refer back to staff for reconsideration of specific items as requested by the Council; or
5. Defer action until a specified date

AUTHORITY

Charter of the City of Merced, Section 200

CITY COUNCIL PRIORITIES

City of Merced Adopted Budget Fiscal Year 2019-2020, Section 07 - Economic Development and Airport, Goals - "Coordinate real estate and infrastructure development that will assist in the expanding and attracting more business investment."

DISCUSSION

El Capitan Hotel Merced, LLC, is in agreement with the terms contained in the Purchase Sale Agreement for the transaction of a 1,286-square foot strip of land located between 609 W. Main Street (El Capitan Hotel) and 629 W. Main Street (former Merced Uniforms) (ATTACHMENTS 1 & 2). The Buyer would pay a price of \$10.00 for the strip of land, and in exchange for the full purchase price of \$1,478.90, install one or more pieces of public artwork on W. Main Street between M Street and N Street.

The strip of land in question served as a walkway between the Ralph Shannon Arcade to the W. Main Street. Overtime, the walkway became weathered, worn down, and badly damaged as the strip of land was used as a restroom. As construction started on the El Capitan Hotel, the developers removed the walkway allowing for the installation of new infrastructure serving the hotel. The Buyer plans to refinish the walkway, and use it as a service corridor and outdoor space for guests. Selling the strip of land from the City of Merced to the Buyer would remove the maintenance responsibility for the walkway and underground utility lines from the City.

Background

In 1987, the former Redevelopment Project Area considered naming the strip of land either El Capitan Walkway North or Cricket's Walkway. Ultimately, the City Council named the walkway Cricket's Walkway for the owner of Giffen's Gift Shop, Cricket Giffen. In 1998, two murals were painted along the El Capitan Hotel west elevation as part of Redevelopment Agency and Private Industry Training Department joint project. As the former El Capitan Hotel become dilapidated, so did the artwork. Chunks of the murals fell off, and the building was eventually demolished making way for the renovation project.

In exchange for the full purchase price of \$1,478.90, the owners of the El Capitan Hotel would install public artwork on the north side of W. Main Street between M Street and N Street. The value, location, and type of artwork is yet to be determined. As details of the artwork move forward, the project will be submitted to the Arts and Culture Commission for advisory comments.

As a walkway, the subject property is similar to a park feature. A recent appraisal estimates undeveloped parkland in Downtown Merced to be valued at \$50,000 per acre or \$1.15 per square-foot (rounded up.) Therefore, the subject site at 1,286 square-feet has a value of \$1,478.90.

Proposed Terms: Key proposed sales terms include the following:

Purchase Price: \$10.00 (Buyer paying all closing costs)

Land Size: 1,286 square-feet

Terms: Exchange for artwork (i.e. mural, decoration of public improvements, statue or sculpture as determined and commissioned by Buyer; artwork must be installed within 18-months of close of escrow.

Deposit: \$10.00

Escrow: Opens 10-days after Agreement is approved and fully executed
All escrows fees shall be paid by the Buyer

Escrow Closes: 90 days from Site Plan Application Hearing

Due Diligence: 45-days from mutual execution of the Purchase

Broker

Commission: None

IMPACT ON CITY RESOURCES

No budget appropriation is needed.

ATTACHMENTS

1. Location Map
2. Proposed Purchase and Sale Agreement