

**City of Piedmont**  
**COUNCIL AGENDA REPORT**

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Date: May 16, 2005

From: Geoffrey L. Grote, City Administrator

Subject: **801 Magnolia Avenue**

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INTRODUCTION

On February 7 and March 21, 2005, the city held public hearing regarding potential uses of 801 Magnolia Avenue. Many civic groups and individuals attended these meetings and expressed a variety of wishes with regard to the property. The input reflected the diversity of interests in Piedmont and the hopes held by residents for a public place which would meet community needs which are not currently addressed.

The minutes from these two public hearings are attached, however, in brief the following were the general concepts addressed by the public.

1. Establish an arts center to be used by dance, theater, music and artists
2. Lease/rent space to a local non-profit such as Piedmont Choirs for revenue
3. Allow the use for a non-profit organization such as the Ed Foundation
4. Sell the property for a single family home
5. Zone the property as commercial to meet a variety of community needs
6. Create a teen center
7. Develop a child care facility

The intent of this memo is to bring together the ideas presented, the possible options which are evolving and the process for decision making.

CURRENT STATUS OF BUILDING

The property consists of a main structure originally built circa 1878 and remodeled into a church in 1935 and a newer section built in 1964 as a youth education wing. There has been little maintenance of the facility over the past few decades and significant issues exist with the roof, plumbing, electrical, etc. None of the restrooms are ADA accessible/compliant.

Significant expenditures would need to be made to allow this building to be used as a public facility. As explained in previous memos, these costs include:

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| 1. Roof and gutter replacement:                     | \$36,000 |
| 2. Exterior repairs including windows & siding:     | \$20,000 |
| 3. Exterior painting:                               | \$15,000 |
| 4. Termite/Dry Rot issues (Phase 1):                | \$20,000 |
| 5. Restroom renovation (main facility & youth wing) | \$60,000 |

Issues which are cosmetic and which would make the facility more acceptable for occasional public use include:

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| 1. Remove and replace old carpeting in sanctuary:                                    | \$10,000 |
| 2. Repair ceiling tiles or install new dropped ceiling and lighting in needed areas: | \$20,000 |
| 3. Interior painting (major rooms only)  | \$ 5,000 |
| 4. New window coverings:   | \$ 5,000 |

As was discussed at a recent public hearing, “green building” construction may save the city some of the above costs. Not only are green buildings environmentally sound, they can save money on energy costs and can be the subject of grant funding from regional sources. The city should explore these options as part of the on-going discussion regarding this building.

## ZONING

This site has always been designated Zone A, which is single family residential zoning in which church use is permitted. If the city wishes to use this as a public facility, allow non-profit organizations to lease it, or allow commercial use, the city council would need to change the zoning and have this action ratified by the voters.

The city attorney has also determined that rezoning is subject to the California Environmental Quality Act (CEQA). It is likely that an Initial Study will be required before this matter can proceed to the ballot. In effect, this requires that the city determine a specific use for the property and the environmental impacts of such use before approving rezoning and submitting the matter to the voters.

## OPTIONS FOR USE

### Sale of Property

The property is currently zoned single family residential and could be sold for that purpose. This would generate revenue for the city if a buyer could be found for a home immediately across the street from a high school and middle school and next door to city hall. The renovation, demolition and/or construction of a new home would be subject to all of the city’s usual design review standards.

It should be remembered that 801 Magnolia was sold to the city for public use and was purchased with the long-term needs of the community in mind, placing in the city's trust one of only two private properties left in the 100 block of Vista Avenue. With the help of the Christian Science Church members, the city purchased this property for a very reasonable price. In all likelihood, if the property is sold, the city would be unable to purchase it again at a future date.

Preserving this property for the public will allow flexibility in configuring civic center uses. Although the current needs may differ from the needs 25 years from now, ownership of this land will allow future generations options which would not exist if the land were in private ownership.

### Lease of Property

The property could be leased to one or more non-profit or other tenants who would generate income for the city. However, such income should be weighed against the funds required to reconfigure the space to meet the tenant's needs and to bring the building up to code for such occupancy. If the city is unwilling to fund the entire expense of such renovations, it would necessary to find a lessee/partner who could share in such expense. It is unlikely that the local non-profit organizations who have expressed an interest in the property would be willing to expend their charitable funds in such a way.

### Mixed Use Concept

The facility at 801 Magnolia lends itself to mixed use because it is already divided into two separate areas, the original church area built in 1935 and the education wing which was added in 1964. With reasonable renovation, the education wing could be used for city operated children's programs which would in turn create an immediate revenue stream. Attached is a copy of a memo prepared in December by Recreation Director Mark Delventhal regarding the possibilities of city run children's programs in this space. Mr. Delventhal informs me that these estimates are still accurate.

The original building provides the greatest opportunity for new uses. It is currently divided into a central meeting area and smaller office spaces. The restrooms are substandard and do not meet ADA. There is also a basement area which has a separate entrance and is not fully underground.

The current meeting space, which contains a stage, could be reconfigured slightly to allow for a more professional performing space with the addition of some sound and lighting equipment. This would meet the needs of the arts community for smaller venue events such as jazz performances, chamber concerts, or small scale theatrical events with audiences of 50-75 people. When not in use for performances, the open area could be used for seniors programs, lectures, classes, etc.

The existing office spaces could be renovated to provide flexible meeting or conference rooms for community groups or could be rented or leased by the city to generate revenue to offset renovations.

The basement area has a separate street entrance and could be used for a small café or coffee shop. This would be accessible to residents using the tennis courts across the street, to parents with small children or to the variety of people who already work or do business in city center. This type of use would also generate revenue to offset renovation expense.

If the city pursues this option, there will be costs associated with managing the property. Janitorial, repair and other maintenance costs will accrue and there is overhead associated with scheduling facilities and/or working with users. As with other city facilities, not all users will be paying customers. For instance, the city has never charged Piedmont Unified School District for its annual “Art is Education” exhibit.

### Hold the Property Vacant

The final option would be to hold this property, leaving the buildings vacant, until a master plan is developed for the city’s property in the adjacent block which includes the Piedmont Swim Club. The process of reviewing the options, determining a final plan and securing funding for a master plan will take many years. The city must decide whether to hold an unused asset (which could be generating revenue) for an extended period of time.

## RECOMMENDATIONS

It is my opinion that the best use for 801 Magnolia Avenue is as a mixed use facility which supports a number of community needs. The sale of the property is not recommended because it would eliminate a valuable asset which can be used in a variety of ways for many years to come. The lease of the property is not recommended because it would provide a benefit for only one (or a few lessees) and would “short change” the public who own the building. I believe the task at hand is to meet the needs of large numbers of residents while attempting to provide offsetting revenue from one or more functions.

The expense required to make the space usable must be measured against the value of the services to be provided, taking into account any revenue which can be generated from the new uses created. If the city spends \$250,000 on renovations and uses the building for the next 10 years, the cost per year would be \$25,000, less any income derived from the property.

I suggest that the city council begin a public dialogue regarding the options that have been set out in this staff report. The ideas expressed are intended to evolve into a final concept which can be broadly supported by the community. Council and the public should keep in mind that any eventual proposal will have both supporters and detractors. However, a mixed use facility would fill a need for community meeting rooms, a small scale performing arts space, and a “center” for civic center.