



## AGENDA REPORT SUMMARY

**Meeting Date:** May 9, 2023

**Subject:** Appropriate funding from the General Fund for environmental review for Halsey House; authorize the City Manager to execute agreement with consultant; find that the Council's action in making the appropriation is exempt from review under CEQA per CEQA Guidelines Section 15262

**Prepared by:** Aida Fairman, Environmental Services and Utilities Director

**Approved by:** Gabriel Engeland, City Manager

**Attachment:**

A. Resolution 2023-XXX

**Initiated by:**

City Council

**Previous Council Consideration:**

April 25, 2023; November 30, 2021; September 21, 2021; May 25, 2021; March 23, 2021; January 12, 2021; December 15, 2020; January 28, 2018; November 15, 2016; June 14, 2016; December 8, 2015, April 23, 2013

**Fiscal Impact:**

Increase the current fiscal year budget, and appropriate, \$200,000 from the General Fund to Project# CF-01004 for CEQA analysis.

Future fiscal impact associated with the Halsey House will be determined by the treatment method for the existing structure and future use after the CEQA analysis is completed and City Council provides further direction.

**Environmental Review:**

Statutorily exempt from review under CEQA pursuant to CEQA Guidelines Section 15262 (Feasibility and Planning Studies) in that the purpose of the action is to conduct environmental review, and no final decisions regarding the Halsey House will be made until review is conducted.

**Summary:**

- The City Council directed staff to proceed with mothballing the Halsey House at the conclusion of the previous study session in November of 2021.

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**Reviewed By:**

City Manager

GE

City Attorney

JH

Finance Director

JD

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**Subject:** Halsey House Next Steps

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- Staff released an RFP, and no responses were received.
- Staff conducted a sole source search, and it was determined that the cost of mothballing would be, at minimum, \$469,000, which is almost 90% above the initial engineer's estimate.
- Mothballing of the Halsey House was selected to allow time for the discovery of additional financial resources by helping to further temporarily preserve the existing structure. Important to note that additional deferral of structure improvements will add additional costs over time.
  - Since April 23, 2013, when this item was formally discussed, no additional funding or financial resources have been identified by city staff or interested parties.
  - In Fall 2022 Development Services Department attempted to obtain a historical grant opportunity with the County of Santa Clara and was denied based on not meeting the preservation requirements of the grant. Maximum award of approximately \$500,000 across all jurisdictions.
- At April 25, 2023, Study Session, the City Council received information and a status update on the Halsey House. At the conclusion of the Study Session, City Council identified two options (total demolition and adaptive reuse) and directed staff to proceed with CEQA analysis for these two options and the alternatives. When the CEQA report is completed, staff will bring back that information so Council can discuss, make a decision, and provide further direction to staff.

**Staff Recommendations**

1. Increase the current fiscal year budget, and appropriate, \$200,000 from the General Fund to Project# CF-01004 for CEQA analysis.
2. Authorize the City Manager to execute an agreement in the amount not to exceed \$200,000 with an environmental consultant to perform the CEQA analysis.

**Background**

At April 25, 2023, Study Session, the City Council received a presentation that provided a status update on the Halsey House.

Below are the four main options that were presented and that City Council considered during their discussion for the next steps.

**Option A:** Demolition - \$100-\$150K for EIR (takes approximately 12 months). Demolition costs - \$289,000 (original estimate from 2021). The anticipated estimate is \$405,000 (approximately 40% market condition in 2023).

**Option B:** Total Rehabilitation at one time - \$4,666,456 (original estimate from 2021). The anticipated estimate is \$6,533,038 (approximately 40% additional due to market conditions).



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**Option C** Adaptive Reuse (Partial Rehabilitation and Partial Demolition) - \$3,260,842 (original estimate from 2021). The anticipated estimate is \$4,565,179 (approximately 40% additional due to market conditions).

**Option D:** Mothballing of the house structure - \$246,750 (original estimate from 2021). Actual estimate = \$469,000 at minimum (actual quote received in February 2023, approximately 90% above budget).

*It is important to note that all the costs listed above are minimum and do not include the cost of the 21 exclusions contained in the 2021 Feasibility Study.*

### **Discussion**

On April 25, 2023, the City Council received a status update and information related to the risks and concerns, the cost, and the environmental requirements on the main four options for the Halsey House and directed staff to proceed with the CEQA Analysis for Option A (Total Demolition) and Option C (Adaptive Reuse). These options will move into CEQA for an examination of the options to be studied, including alternatives and the “no project” option.

### **Staff Recommendations**

1. Increase the current fiscal year budget, and appropriate, \$200,000 from the General Fund to Project# CF-01004 for CEQA analysis.
2. Authorize the City Manager to execute an agreement in the amount not to exceed \$200,000 with an environmental consultant to perform the CEQA analysis.