



## AGENDA REPORT SUMMARY

**Meeting Date:** April 25, 2023

**Subject:** Conduct the study session re: Halsey House Next Steps (Study Session); provide any staff direction in the form of a motion; find the Council's action in holding the study session and providing staff direction is exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15262.

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

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

**Initiated by:**  
City Council

**Previous Council Consideration:**

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:**

Future fiscal impact associated with the Halsey House will be determined by the treatment method for the existing structure and future use.

If Council selects one or multiple options for CEQA analysis, staff will return with a request to increase the current fiscal year budget by approximately \$200,000 at the first meeting in May.

If the Council wishes to continue with mothballing, and not select option(s) for CEQA analysis, a budget approval of \$469,000 will be required. Staff will return with the budget request at the first meeting in May.

**Environmental Review:**

The City Council's action in holding a study session and providing staff direction is statutorily exempt from review under CEQA pursuant to CEQA Guidelines Section 15262 (Feasibility and Planning Studies), in that any direction from Council will be tentative pending further analysis by City officials and final action by the City Council.

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**Reviewed By:**

City Manager

City Attorney

Finance Director

GE

JH

JD

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**Subject:** Halsey House Next Steps

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**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.
  - 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 historical grant opportunity with the County of Santa Clara and was denied based on not meeting the preservation requirements of the grant. Maximum award approximately \$500,000 across all jurisdictions.

**Staff Recommendations**

1. The City Council must identify which option of the four listed in this report should move forward for CEQA analysis.
2. Alternatively, the City Council may identify multiple options (up to two), of the four listed in this report, to move forward for CEQA analysis.

Regardless of whether Council selects one option or multiple, the Council should find the Council's action in holding the study session and providing staff direction is exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15262 and provide staff with direction in the form of a motion on the next steps for the future of Halsey House.

**Background**

At November 30, 2021, Study Session, the City Council received reports and information as requested at the September 21, 2021, Study Session and discussed various options.

Four main options were considered and are as follows:

**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).



**Subject:** Halsey House Next Steps

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**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).

**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).

At this study session, the City Council directed staff to proceed with mothballing, Option D, as a temporary solution for the Halsey House.

*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 November 30, 2021, the City Council directed staff to proceed with the mothballing option as the next step for the Halsey House. Mothballing of the Halsey House would allow for the temporary preservation of the structure until a permanent solution is identified, and allow staff to explore grants or other/alternative funding sources for potential total or phased rehabilitation.

On April 28, 2022, the City of Los Altos released an RFP to complete the mothballing of the Halsey House. At the close of the RFP window on June 1, 2022, no responses were received.

In the summer of 2022, Development Services staff submitted for a Historic Preservation Grant provided by the County of Santa Clara and was denied on the basis of not meeting the criteria of the structure being open to the public at the completion of the project.

Since the failure of the RFP in June 2022, city staff has been working with independent contractors to obtain sole source bids. After more than six months of due diligence, the Engineering Services Department received a response for a sole source vendor to complete mothballing to the Halsey House in February 2023.

The initial engineer's estimate was \$246,750, and the actual estimate received was \$469,000.

Staff did not proceed with mothballing as the cost was substantially higher than the engineer's estimate. The item for the Council to consider this evening is if one or two of the original alternative options should be considered and moved forward for study in the CEQA process.



**Subject:** Halsey House Next Steps

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### **Conclusion**

The City Council should consider which options or options should be considered further with regards to the Halsey House. The option(s) should move into CEQA for an examination of the option(s) to be studied, including alternatives, and the “no project” option.

The options are:

- Option A (Demolition)
- Option B (Total Rehabilitation)
- Option C (Adaptive Reuse)
- Option D (Mothballing)

If Council would like to continue with the previous direction of mothballing an additional budget appropriation in the amount of \$469,000 would be required. Staff does not recommend continuing with this option based on the information included in this report.

### **Staff Recommendations**

1. The City Council must identify which options of the four listed in this report should move forward for CEQA analysis.
2. Alternatively, the City Council may identify multiple options (up to two), of the four listed in this report, to move forward for CEQA analysis.

Regardless of whether Council selects one option or multiple, the Council should find the Council’s action in holding the study session and providing staff direction is exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15262 and provide staff with direction in the form of a motion on the next steps for the future of Halsey House.