



CITY OF ATASCADERO

CITY COUNCIL STAFF REPORT

Item H2

Department: Community
Development
Date: 9/23/25
Placement: Public Hearing

TO: JAMES R. LEWIS, CITY MANAGER

FROM: PHIL DUNSMORE, COMMUNITY DEVELOPMENT DIRECTOR

PREPARED BY: LORELI CAPPEL, DEPUTY DIRECTOR OF ECONOMIC & COMMUNITY DEVELOPMENT

SUBJECT: Economic Development Subsidy – Centennial Development Project
DEV24-0099

RECOMMENDATION:

Council:

1. Conduct a public hearing to receive public testimony on the Economic Development Subsidy for the Centennial Development Project at 5901 East Mall.
2. Receive, file and approve the information on the Subsidy required pursuant to Government Code Section 53083, contained in the Public Notice and Report.

REPORT IN BRIEF:

Government Code Section 53083 requires that a subsidy report be prepared when private development is subsidized. Under the Labor Code, a public subsidy of a private project does not trigger prevailing wage construction on the new development project if the subsidy is less than \$600,000 and less than two percent of the total project cost. The City of Atascadero is in the process of selling the Centennial Properties at 5855 East Mall in Downtown Atascadero to catalyze activity on Sunken Gardens. Because of the land use restrictions imposed upon the property (due to its downtown and creekside proximity) and the desire to incentivize development on these lots, the City of Atascadero must create such a report for the sale of the Centennial Plaza lots. The lots are proposed to be sold at below market value to incentivize their redevelopment.

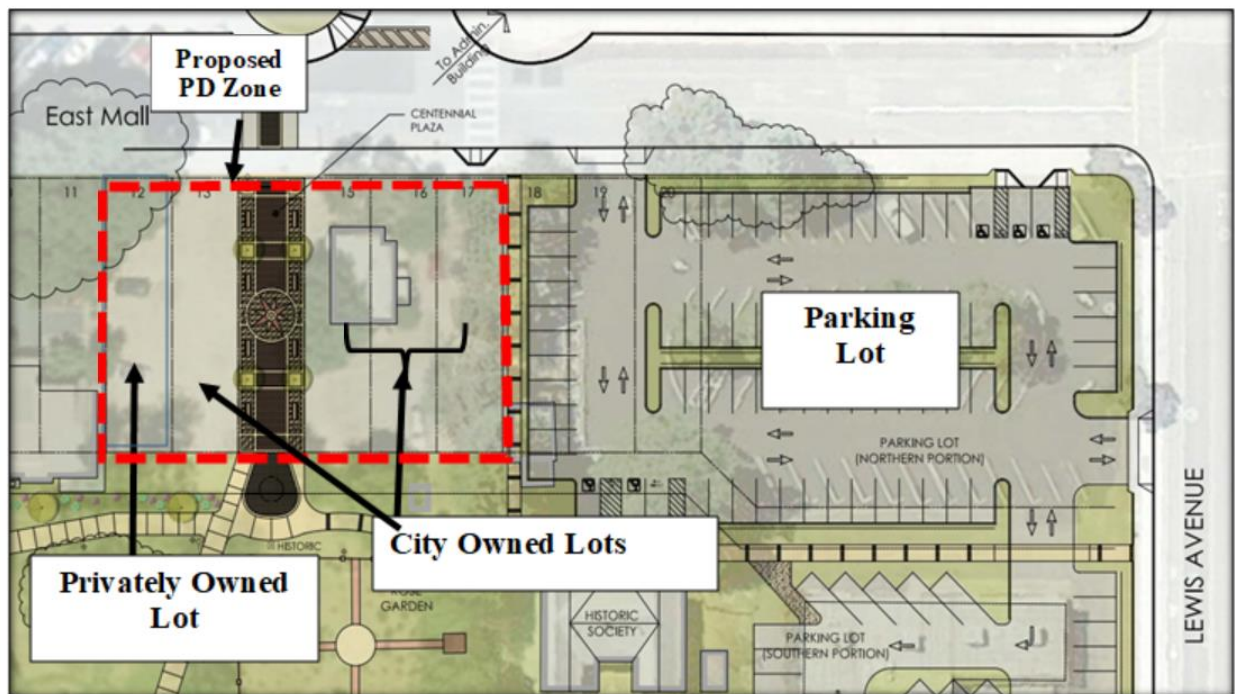
The Centennial Plaza Project is a proposed three-story vertical mixed-use development which would facilitate the sale and future development of a vacant property (as appraised at \$350,000) to the developer for the cost of \$150,000. The reduction in sale price is due to the imposed zoning restrictions placed on the property, including a prohibition of on-site parking, a requirement for a restroom available to the public and design restrictions through the adopted PD Zoning Overlay,

adversely affecting the profit margin for such a development, rendering the project infeasible in other cases.

DISCUSSION:

BACKGROUND

In 2022, the City Council rezoned the Centennial Plaza lots with a planned development (PD) overlay that specifies how development should occur. This was done to support Downtown Vitality under the 2023-2025 City Council Action Plan. The PD is designed to emphasize enriching the downtown area and providing quality aesthetics and economic development. At the same time, the City Council determined that the lots should be utilized for private development that supports desired retail, restaurant, and related active uses around the Sunken Gardens.



Since the rezoning of the property in 2022, the City has completed the following steps towards facilitating private development:

1. Adopted a resolution declaring the land to be surplus, issued a notice of availability for surplus property to required entities, and completed all required processes consistent with the Surplus Land Act. *(Completed 2023)*
2. Developed an RFP/RFQ to invite development proposals for the sites, consistent with the Planned Development (PD) overlay zone. *(Completed March 2024)*
3. Reviewed developer proposals and select a preferred candidate for the purchase and development of the Centennial Properties. *(Completed August 2024)*
4. Reviewed and approved a design proposal for a mixed-use project. *(Design Review Committee, completed December 2024)*
5. Drafted a tentative purchase agreement for the property. *(Completed August 2025)*

On August 13, 2024, the City Council selected the Herrera/Weyrick Team as the preferred developer for the Centennial Project. The approved project reflects the desired features of the PD overlay zone. Two three-story buildings frame the plaza. The applicant team has purchased the adjacent 25-foot-wide site between the Centennial Plaza lots and Dr. Pambrun's office, which will be included in the development. Renderings and site plans are included below.

NORTH VIEW EAST MALL



SITE PLAN/GROUND FLOOR PLAN



PROJECT STATISTICS

- **Project Cost** approx. \$13,000,000
- **Ground floor** (both buildings): 13,720 square feet, 5 tenant spaces ranging from 550 SF to 3,000 SF
- **Second floor** (both buildings): approximately 10,353 SF divided between event space, Four residential units, and office space
- **Third floor:** 9,917 SF; 5 residential units
- **Total building area not including outdoor on-site patios:** 33,990 SF
- **Exterior finishes:** Brick Veneer
- **Roof:** Tile
- **Exterior dining:** Multiple off-site locations are proposed for off-site outdoor use and dining. Applicants are proposing to utilize the former Historical Society rose garden as a potential outdoor use area.
- **Parking:** Relies on 18 off-site parking spaces to support office, event space, and residential units. Parking is proposed to be leased on the existing City Hall parking lot.

ECONOMIC DEVELOPMENT SUBSIDY

Existing law defines economic development subsidy to mean any expenditure of public funds or loss of revenue to a local agency in the amount of \$100,000 or more, for the purpose of stimulating economic development within the jurisdiction of a local agency, as provided. The City has subsidized the price of land in exchange for restrictions on the development of this property that impact the return on investment for the developer in order to achieve the City's goals of activating the space.

The primary goal of this project is to act as an example and catalyst for new commercial/mixed-use development in the Downtown Commercial Zoning District. The City's General Plan provides policies that support activation of underutilized sites around Sunken Gardens Park to help transition the area from solely an office environment to a retail and restaurant hub around the park. The project's ongoing purpose is to support the growth and success of downtown by incentivizing the development of vacant and blighted property by facilitating the sale of vacant sites. Once developed, the site will provide jobs, sales tax revenue and maintenance of surrounding city properties. Without the City's subsidy and facilitation of the sale of the site, a redevelopment project of this nature may not be feasible.

Government Code section 53083 requires the City to provide certain information about the economic development subsidy to the public. This information was provided in the Public Notice and Report, included as Attachment 1. The following items are required by Section 53083:

1. **The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy.**

The agreement is with Centennial Plaza Walk, LLC, a California limited liability company, whose address is 624 N. Main Street, Templeton, CA 93465, and whose member is Colin Weyrick.

2. The start and end dates and schedule, if applicable, for the economic development subsidy.

If the Agreement is approved by the City Council, the date of the economic development subsidy will be the sale closing date (the date on which the land described in the Agreement is conveyed to the Developer).

3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.

The economic development subsidy is comprised of a reduction in sale price from the appraised value of the vacant property located at 5901 East Mall, Atascadero, CA to the Developer. Based on a recent appraisal, the land value is approximately \$350,000. The City would facilitate the sale of the Property to the Developer for the cost of \$150,000.

4. A statement of the public purposes for the economic development subsidy.

The land has been vacant for 4 years. The City desires to incentivize development on the property and enable the Developer to construct the Project described in the Agreement.

5. The projected tax revenue to the local agency as a result of the economic development subsidy.

Between \$75,000 and \$ 100,000 annually, once fully occupied.

6. The estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

Full-time: 35

Part-time: 12

Temporary: 55 (during construction)

Pursuant to Government Code section 53083, the City must provide public notice and a hearing on the economic development subsidy prior to granting the subsidy. The City also must publish the information contained in the Report on its website for the entire term of the subsidy. Staff recommends the City Council approve the Public Notice of Report, which will allow the City to grant the economic development subsidy.

ALTERNATIVES:

1. Request more information from staff regarding this Subsidy.

2. Do not approve the information on the Subsidy required pursuant to Government Code Section 53083, contained in the Public Notice and Report.

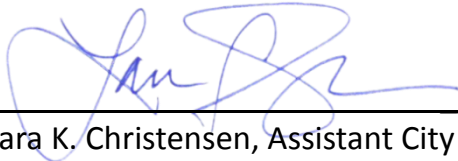
FISCAL IMPACT:

The fiscal impact for the Centennial Plaza Project is \$150,000 in revenue from the sale of real property with an offsetting book value of \$95,901. Additionally, the project will have a projected tax revenue of \$75,000 - \$100,000 per year (once fully occupied with tenants). Additional revenue is projected from the development process as a result of an increase in construction jobs and local spending while the project is being built.

REVIEWED BY OTHERS:

This item has been reviewed by the City Attorney and the Administrative Services Director.

REVIEWED AND APPROVED FOR COUNCIL AGENDA



Lara K. Christensen, Assistant City Manager

ATTACHMENT(S):

1. Economic Development Subsidy Information – Centennial Development Project (DEV24-0099 Centennial Plaza Mixed-Use)