



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 10/15/2013
Agenda Placement: 9B
Set Time: 9:40 AM
Estimated Report Time: 20 Minutes

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Lederer, Steven - Director of Public Works
Public Works
REPORT BY: Steven Lederer, DIR OF PUB WKS/DIST ENGINEER - 259-8228
SUBJECT: Mylan Property Presentation

RECOMMENDATION

Director of Public Works requests the following regarding the proposed purchase of the Mylan, Inc. property;

1. Receive a status report on the due diligence process; and
2. Direction to staff to proceed with planning for the Alternative B space study option for the relocation of the Health and Human Services Agency to the site.

EXECUTIVE SUMMARY

On April 16, 2013, the Board authorized the Chairman to enter into a Purchase and Sale Agreement (the "PSA") with Mylan Specialty, LP ("Mylan") for the purchase of a site located at 2751 Napa Valley Corporate Drive, Napa, California, APN 046-610-021 (commonly known as the "Dey Labs Campus") for approximately \$25,000,000. Execution of the PSA initiated a due diligence period for the County and its consultants to gather information and decide whether to proceed with purchase of the site for the Health and Human Services Campus Project.

Today's presentation will cover two specific aspects of the Mylan Purchase:

- Environmental Due Diligence
- Two conceptual space study options for relocation of HHSA personnel onto the Mylan campus.

PROCEDURAL REQUIREMENTS

1. Staff reports.

2. Public comments.
3. Motion, second, discussion and vote should the Board choose to provide direction to staff.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: General Rule. It can be seen with certainty that there is no possibility the proposed action may have a significant effect on the environment and therefore CEQA is not applicable. [See Guidelines For the Implementation of the California Environmental Quality Act, 14 CCR 15061(b)(3)].

BACKGROUND AND DISCUSSION

On April 16, 2013, the Board authorized the Chairman to enter into a Purchase and Sale Agreement (the "PSA") with Mylan Specialty, LP ("Mylan") for the purchase of a site which is approximately 25.32 acres located at 2751 Napa Valley Corporate Drive, Napa, California, APN 046-610-021 (commonly known as the "Dey Labs Campus") for approximately \$25,000,000. Execution of the PSA initiated a due diligence period for the County and its consultants to gather information and decide whether to proceed with purchase of the site for the Health and Human Services Campus Project.

Physical Due Diligence

Generally, the facilities are in good condition and have been well maintained. The areas that will require the most attention over the next ten years fall into the following categories: Seismic Strengthening, ADA Compliance, Vehicular Paving, Roofing, Mechanical Unit Replacement.

Environmental Due Diligence

The environmental decommissioning reports required to be provided by Mylan have not yet been received. These reports were expected in September but now appear to be on track to arrive by mid-November, which (depending on the information in the reports) should still support a December closing date as originally planned. The County's deposit will not become "hard" or non-refundable for purposes of objecting to matters contained in the decommissioning report until 14 days after the receipt of the reports. Because our use of the facility includes especially vulnerable people (children, pregnant woman, the elderly) the County may need to do some additional analysis or sampling to confirm that the buildings will be suitable for our purposes prior to committing to the purchase.

Space Studies

On February 5, 2013 the Board approved a Professional Services Agreement with TLC Architecture to conduct an analysis of the current building spaces at the Mylan, Inc. facility to accommodate Health and Human Services Agency (HHS) programmatic needs. Upon this approval staff set out to test the feasibility of locating the HHS programs into the Mylan Inc. facilities, specifically Buildings 1 and 2 with the following framework goals in mind:

- Move as much of HHS as possible into existing office space in Buildings 1 and 2;
- Modify Building 2 to accommodate HHS program needs, while minimizing new construction/maximize

future flexibility;

- When relocating HHS functions, major objectives include:
 1. Fully vacate the Old Sonoma Road Campus;
 2. Move Comprehensive Services for Older Adults (CSOA) out of the Carithers building;
 3. Maximize Program adjacencies;
- Consider encroaching into the non-office portion of Building 1 if needed for an HHS program and if it can be done within budget;
- A target budget of \$5 million that includes: the physical move from Old Sonoma Road, decommissioning costs at Mylan Inc., design and engineering costs, and modifications to Buildings 1 and 2 as needed. (Director's note: The \$5 million target was based on the approximate revenue estimate that the site could generate from leasing buildings 3 and 4, it was not an engineering estimate of capability to do the work, as information to that level of detail was not available at that time).

During the first half of 2013, numerous meetings that included staff from the County Executive Office, HHS and Public Works were held with TLCD Architecture to work on drafting fit studies with the above goals in mind. With the programming information resulting from the HHS Campus Master Plan effort as the foundation, TLCD Architecture developed adjacency diagrams that were very helpful in developing the initial draft fit studies.

Upon completion of the work as described above, staff recommends the Board consider the following two alternatives for the relocation of HHS to the Mylan, Inc. site:

Alternative A

Goal: Define best possible solution within a \$5 million Project Budget that:

1. Utilizes Mylan, Inc. Building 2 with programs requiring minimal reconfiguration and modification. Building 1 would not be used;
2. Leaves adjacency-critical programs at Old Sonoma Road, primarily in existing locations with minimal modifications;
3. Relocates CSOA to 650 Imperial Way; and
4. Is essentially a first phase for eventual relocation of all programs to the Mylan, Inc. campus.

Alternative B

Goal: Define best possible solution that locates all or most of the HHS programs at Mylan, Inc., and vacates Old Sonoma Road that:

1. Utilizes Mylan, Inc. Buildings 1 and 2;
2. Builds-out new and reconfigured space in Building 1 to accommodate area needed beyond existing office space;
3. Relocates CSOA to 650 Imperial Way;
4. Acts as first phase for eventual location of all HHS programs to Building 1 freeing up building 2 for other county or revenue producing uses.

Staff will present the general program adjacency details, estimated costs, pros/cons and conclusions as well as discuss the next steps and proposed schedule for implementation.

Lease of Excess Buildings at Mylan Property

The Mylan property includes four buildings and the current need is for Health and Human Services to potentially occupy only Building 2 and about half of Building 1. This leaves two and half buildings of leasable space available.

The County recently released a Request for Qualifications to the broker community seeking a firm to assist with the leasing of the excess space. Collected rents would be used to offset any debt acquired to fund the purchase, build-outs or reconfiguration of the property. Leasing the property will require an upfront commission payment to the broker securing the leases on behalf of the County. A proposed agreement with the successful respondent will be brought to the Board for consideration on November 12, 2013.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Molly Rattigan