



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 12/17/2019

Agenda Placement: 6H

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Liz Habkirk for Steven Lederer - Director of Public Works
Public Works

REPORT BY: Liz Habkirk, Deputy Dir. of PW-Gen Services - 259-8321

SUBJECT: Resolution to Convey to the City of Calistoga Real Property at 1435 N. Oak Calistoga
(Fairgrounds)

RECOMMENDATION

Director of Public Works requests approval of Amendment No. 1 to Agreement No. 200089B with the City of Calistoga extending the due diligence period by sixty days to February 19, 2020.

EXECUTIVE SUMMARY

In 2016, the County engaged the City of Calistoga ("City") in discussions about alternative approaches to on-going management of the Fairgrounds Property. The result of this discussion and subsequent property sale negotiations was approval of Resolution No. 2019-105 which declared a portion of the property as surplus and designated this portion to be conveyed to the City of Calistoga. The Purchase and Sale Agreement No. 2000089B ("Agreement") was executed on August 20, 2019. The Agreement called for a 120-day due diligence period to conclude on December 18, 2019. The City requested an extension of 60-days to the due diligence period in order to complete additional due diligence on the property and facilities. Staff is recommending granting the extension request based on an indemnification by the County toward the City regarding alleged ownership claims of certain items at the Calistoga Speedway and a commitment to address the following outstanding items: parcel configuration, easements and roadway dedication area.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No

What is the revenue source?	Revenue from the sale of surplus real property.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Sale of this County surplus property would assist in the financing plan for the replacement jail facility.
Is the general fund affected?	Yes
Future fiscal impact:	Proceeds of the sale are anticipated to be received in FY 2019/20.
Consequences if not approved:	The County will not generate revenue from the sale of the Fairgrounds, and will continue expending maintenance and operation funds on the property.
County Strategic Plan pillar addressed:	Effective and Open Government
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: **Consideration and possible adoption of a Categorical Exemption Class 12:** It has been determined that this type of project does not have a significant effect on the environment and is exempt from the California Environmental Quality Act. [See Class 12 ("Surplus Government Property Sales") which may be found in the guidelines for the implementation of the California Environmental Quality Act at 14 CCR §15312.]

BACKGROUND AND DISCUSSION

The County began acquiring portions of the Napa County Fairgrounds property ("Property") in Calistoga in 1938, with the full 70.6 acres property under County ownership by 1976. The Property had been operated by the Napa County Fair Association (NCFA), a non-profit organization, to oversee day-to-day use of the Property for golf course operations, recreational vehicle parking, speedway events, and other special events as well as hosting the annual fair event. Operations of the property have been challenging since 2012, when the state of California cut all of the \$32 million of the funding designated to support fair operations throughout the state. The resulting effect throughout the state was local fairs left with insufficient revenues and declining infrastructure without any contingency funds for major maintenance. The County provided oversight to the Executive Director of NCFA and participated in ongoing issues dealing with the facilities and general operations. In 2013, the County entered into an updated agreement with NCFA for continued management of the fairgrounds.

However, NCFA continued to experience declines in operational revenue and challenges with increasing costs for maintenance of the facilities. In 2016, the County engaged the City of Calistoga ("City") in discussions about alternative approaches to on-going management of the Property and the possibility of a new governance structure that would result in continued public use of the facility. Ultimately, these conversations transitioned from the possibility of establishing a Joint Powers Authority to continue operations of the fairgrounds, to a discussion of transferring part of the Property to City of Calistoga ownership. In April 2018, the Board of Supervisors appointed two members from the Board to participate with the City in negotiations regarding a real property transaction who engaged with City representatives in discussions regarding current needs of the community, potential future uses for the site, and cost-effective strategies for operations. In December 2018, NCFA terminated its agreement with the County. The extended time for negotiations have allowed the agencies opportunities to ensure some of the complicated terms of sale are acceptable for both sides, including discussions on future easement needs and utility connections.

The result of these negotiations was the sale of approximately 34.3 acres of the Property to the City for their use and continued operations. The portion to be transferred includes most of the major operational facilities, including the speedway, fair buildings/offices, one residence and the recreational vehicle parking area. The remaining portion of the Property, consisting of the golf course and clubhouse and one residence, will remain in County ownership. The City has agreed to pay \$225,000 per acre for the approximately 34.3 acres of the Property. The County will receive \$7,717,500 for the sale of the property. The Purchase and Sale Agreement was executed on August 20, 2019 and included a 120-day due diligence for the City to conduct all necessary reviews and inspections of the property and its facilities.

Based on their progress to date, the City has requested an extension of the due diligence period by 60-days, proposed now to complete on February 19, 2020. The request is based on a need to complete additional environmental investigations, finalize the parcel reconfiguration and easements, and allow the County to settle potential outstanding issues related to ownership of certain fixtures at the speedway installed by a private citizen.

Today's action will authorize the Chair to execute the amendment. With this extension, staff anticipates closing on the Property by approximately April 15, 2020.

As of January 1, 2019, the County's agreement with NCFCA was terminated. County staff provides ongoing maintenance and operational oversight for the full parcel until the completion of the property transfer. Staff intends on returning to the Board of Supervisors for further direction regarding the ongoing operations/maintenance of the property to be retained by the County towards the close of the due diligence.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi