



A Tradition of Stewardship
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Agenda Date: 12/5/2017

Agenda Placement: 60

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Steven Lederer - Director of Public Works
Public Works

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

SUBJECT: Adoption of Amended and Restated Resolution of Intention to Sell Real Property

RECOMMENDATION

Director of Public Works requests adoption of an amended and restated resolution to supersede and amend Resolution No. 2017-129, which would again do the following related to the sale of the County-owned property located at 933 Water Street, Napa, California ("Property") (4/5 vote required):

1. Establish the minimum bid price for sale of the Property as \$3,900,000.00;
2. Set the procedures, date, time and place for opening and review of sealed bids for purchase of the Property;
3. Set the date, time and place of a meeting of the Board of Supervisors to consider the recommendations of the County Executive Officer's Bid Selection Committee as to the selection and order of bids; and
4. Direct the Clerk of the Board to publish and post notice of the Board hearing and meeting at which it will consider those recommendations and consider and award of a purchase contract for the Property.

EXECUTIVE SUMMARY

On August 22, 2017, the Board of Supervisors adopted Resolution No. 2017-129, which declared its intention and authorization to sell the County surplus real property located at 933 Water Street ("Property") and set the terms and conditions of sale. County staff issued an RFP with a deadline for bids of November 2, 2017. However, before the bid submission date arrived, County staff received information from the Flood Control District in October regarding the rights of the Flood Control District to receive conveyances of certain interests (a narrow swath of land along the Napa River in fee simple, a permanent flood levee easement and a temporary work area easement) in the Property before it could be sold to a third party. Thus, it became necessary to delay the bid opening to accomplish the preparation of legal descriptions and deeds for conveyance of those three property interests to the Flood Control District by the County. The conveyances of those deeds will satisfy an obligation of the County owed to the Flood Control District as a result of the transfer in 2008 by the Flood District to the County of the animal shelter property. The deeds associated with those conveyances are being presented for approval and acceptance by the

Board of Supervisors and by the Flood District board concurrently on the same day as this agenda item.

Thus, it is necessary and appropriate for the Board of Supervisors to adopt the proposed amended and restated resolution of intent in order to establish a new timeline for bidding and acceptance of bids for purchase of the Property. The new date proposed for bid submission and opening is January 11, 2017, and the new proposed date for the Board's consideration of the Bid Selection Committee's recommendation is January 23, 2017.

As with the original original resolution, the proposed amended resolution sets the minimum sales price at \$3,900,000. That minimum bid price remains supported by the appraisal and input from market professionals. The CBRE appraisal had already considered the impact of the future Flood District interests, which were described by the RFP as "controlled by" the Flood District, even though no deeds to convey those interests to the District had yet been recorded. Thus, the value conclusions in the appraisal continue to be reliable since they deducted the value of those interests from the market value of the remaining Property owned by the County.

FISCAL 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 new jail facility.
Is the general fund affected?	Yes
Future fiscal impact:	None
Consequences if not approved:	The County will not generate revenue from the sale of 933 Water street.
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The County has owned and operated the 2.2 acre property located at 933 Water Street, Napa, APN 003-242-003-000 ("Property") as a corporation yard for more than 20 years. On January 12, 2016, the Board of Supervisors adopted Resolution No. 2016-05 declaring the Property as surplus. After that declaration, County staff complied fully with the Surplus Lands Act (Government Code sections 54220 et seq.) prior to initiating steps to sell the Property.

County staff obtained an appraisal of the Property from CBRE, Inc., which concluded that the as-is market value of the Property was, as of May 1, 2017, \$4,130,000, after reduction of the opinion of value for sale by the value to the

County and burden to the buyer of an 18-month rent-free leaseback to the County, which the County would require in order to transition its operations at the Property to other locations. Staff brought a proposed resolution of intent to sell the Property to the Board for its consideration on August 22, 2017. Staff recommended to the Board that the Board authorize the Property to be offered for sale to the highest qualified bidder with the minimum bid price being set at \$3,900,000. That minimum bid recommendation was based in part on the appraisal and in part on information and recommendations provided by the County's real estate brokerage firm in this transaction concerning market conditions and the most productive starting place for bids given the pool of likely buyers. On August 22, 2017, the Board adopted Resolution No. 2017-129, declaring its intent to sell the Property and establishing the minimum bid price of \$3,900,000 as well as all other material terms and procedures for sale. The Board authorized staff to issue a Request for Proposals (RFP) to invite bids from potential buyers, which was released on August 23, 2017.

During the course of discussions with potential buyers, which led to discussions with Flood District staff, County staff came to recognize the existence of an unfulfilled obligation on the part of the County to convey certain interests needed by the Flood Control District in the Property, in order to put the District in a position to construct additional flood control improvements as part of the Napa River flood control project in that location along the Napa River. In 2008, the Flood District had conveyed the animal shelter property to the County without receiving separate compensation at that time, in exchange for the future obligation of the County to convey to the District certain interests -- now determined to consist of a narrow swath of the Property along the river in fee simple, a permanent flood levee easement adjacent to that area, and a temporary work area easement -- which are needed by the Flood District in order to have the rights necessary for the additional Napa River flood project improvements yet to be constructed.

Thus, County staff realized that before the County could rightfully contract to sell the property to a third party, it would be necessary to put a temporary hold on the RFP process and to extend the timeline for bid opening and Board approval of sale in order to allow the County and the Flood District to prepare, approve and record deeds to memorialize the conveyance of the required property interests. Thus, staff issued an addendum that postponed the November 2, 2017 bid submission deadline so that this matter could be presented to the Board of Supervisors and to the Flood District's governing board.

The proposed amended and restated resolution of intent proposes the same minimum bid price of \$3,900,00, which remains supported by the appraisal and input from market professionals. The CBRE appraisal had already considered the impact of the future Flood District interests, which were described by the RFP as "controlled by" the Flood District, even though no deeds conveying those interests to the District had yet been recorded. Thus, the value conclusions in the appraisal continue to be reliable since they deducted the value of those interests from the market value of the remaining Property owned by the County.

Concurrently on the Board's calendar today with this proposed amended resolution of intent is an item by which staff is requesting and recommending approval of three deeds to the Flood District. Also, on this same day, the Flood District board will be asked to consider the three deeds for acceptance.

Accordingly, staff requests and recommends that the Board adopt the proposed amended and restated resolution of intent. The amended resolution is in all material respects identical to the original resolution adopted on August 22, 2017, except that it recognizes the conveyance of the property interests in the Property to the Flood District and establishes a new timeline for bid submission and opening, and for Board consideration of the Bid Committee's recommendations for selection of bidders. The new bid submission and opening date proposed is January 11, 2017. The Bid Committee's recommendations would then be considered by the Board after public notice of the hearing is given, on January 23, 2017.

SUPPORTING DOCUMENTS

A . Resolution (Amended)

CEO Recommendation: Approve

Reviewed By: Bret Prebula