



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 5/21/2019

Agenda Placement: 6R

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: Resolution of Intention to Sell Real Property

RECOMMENDATION

Director of Public Works requests adoption of a resolution authorizing the following related to the County owned property located at 2344 Old Sonoma Road (4/5 vote required):

1. Declaring the County's intention to sell surplus real property located at 2344 Old Sonoma Road;
2. Establishing a minimum price for sale of the Property and other terms, conditions and requirements applicable to all bids;
3. Setting the procedures, date, time and place for opening and review of sealed bids for purchase of the Property;
4. Setting the date, time and place of a meeting of the Board of Supervisors to consider the recommendations of staff as to the selection and order of bids; and
5. Directing the Clerk of the Board to publish and post notice.

EXECUTIVE SUMMARY

In August 2017, the Board of Supervisors designated the real property located at 2344 Old Sonoma Road as surplus. In compliance with Government Code section 54222, the Surplus Land Act ("Act"), staff conducted good-faith negotiations with three agencies who had expressed interest in purchasing the property. Based on the proposals received, no agency met both the requirements of the Act and the terms set by the Board of Supervisors by Resolution 2018-03. Following that process, in May 2018 the Board adopted a resolution concluding the good-faith negotiations required and directed staff to negotiate with the City of Napa as allowed under Government Code section 25365 for the purchase of the property. County staff worked with representatives from the City on a purchase and sale agreement, but ultimately the City notified County staff that they would not be proceeding in the purchase process.

Having concluded the requirements of the Surplus Land Act and negotiations with the City of Napa, on May 7, 2019 the Board of Supervisors directed staff to return with today's proposed resolution to allow staff to move forward with the public sale of the property. The resolution sets the minimum bid price for purchase of 2344 Old Sonoma Road at \$7,500,000, will set all other terms and conditions and procedures applicable to the sale of the property in accordance with Government Code sections 25526 et seq., and pursuant to the Board's authority under Government Code section 25539 will order the use of a procedure for sale of the property different than that specified in sections 25526, et seq.

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:	Proceeds are expected to be received in FY 2019/20.
Consequences if not approved:	The County will not generate revenue from the sale of 2344 Old Sonoma Road, and will continue expending maintenance funds on a property that is no longer in use.

Additional Information:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: A Final Environmental Impact Report ("EIR") has been certified for the HHSA Campus Project (State Clearinghouse # 2011112008) in compliance with CEQA, the State CEQA Guidelines, and local procedures for implementing CEQA. The proposed surplus sale of the HHSA campus was analyzed in the EIR and Addendum thereto. Additionally, sale of the existing HHSA campus as surplus property would qualify for a Class 12 categorical exemption. (see Class 12 -"Surplus Government Property Sales" at 14 CCR Section 15312.) The EIR and Addendum are on file and are available for review in the Planning, Building, and Environmental Services department or by visiting <https://www.countyofnapa.org/784/Napa-HHSA-Campus-Final-EIR>.

BACKGROUND AND DISCUSSION

The County has owned and operated the property located at 2344 Old Sonoma Road ("Property") in Napa (APN 004-291-015-000) for more than fifty years as a health and human services campus, and for other uses for many decades. These County services were moved to a new location in 2016 and the property has sat mostly vacant since that time. Final health and human services programs vacated the site in December 2017.

In August 2017, the Board of Supervisors designated the Property as surplus. In compliance with Government Code section 54222, the Surplus Land Act ("Act"), staff subsequently provided a written offer to sell the surplus

property to entities meeting the qualifications described in the Act. The County received three timely responses expressing interest in purchasing the property for the purposes of developing affordable housing. Responses were received from the City of Napa, Pacific Housing Inc., and Bridge Housing/Napa Valley Community Housing. The Board of Supervisors adopted Resolution 2018-03 in January 2018 establishing the minimum price and other terms, conditions, and requirements for sale of the property to qualified agencies. Staff engaged in good-faith negotiations with the three agencies and received final submittals from two of the agencies, the City of Napa and Pacific Housing Inc., by the deadline. Neither proposal met both the terms and conditions as set by Resolution 2018-03 and the requirements of the Act, and as such this completed the County's obligations under the Act.

Subsequent to that process, the Board adopted Resolution 2018-59 concluding the good-faith negotiations required under the Act. It also directed staff to enter into negotiations with the City of Napa as allowed under Government Code section 25365 for the purchase of the property. County staff met with representatives from the City of Napa to discuss the City's proposed purchase offer, provided access for preliminary site reviews, and drafted a purchase and sale agreement for City review. However, the City ultimately declined to proceed with purchase of the property.

On May 7, 2019, staff presented the Board of Supervisors with various options to proceed with the sale of the property and received Board direction to issue a request for proposals process and public offering pursuant to Government Code section 25526 et seq.

Therefore, staff is recommending the Board of Supervisors adopt the proposed resolution to allow the County to sell the property through a public offering. In December 2017, the County obtained an appraisal of the Property from CBRE, Inc. which reached the conclusion that the highest-best use of the property would be for residential infill, and the hypothetical as-is vacant land value would be \$9.53 million. County staff is recommending to the Board that the Property be sold to the highest qualified bidder with the minimum bid price being set at \$7,500,000. The minimum price recommendation is based on a review of the appraised value, a consideration of recommendations from market professionals, preliminary cost estimates for demolition of the modular buildings on the site, as well recognition of a developer's requirement to meet the City of Napa's entitlement process to allow for residential development. Staff believes that setting the minimum price at this level will attract a number of potential bidders and create interest in the Property. Bidders may submit proposals above the minimum price but any proposal below the \$7,500,000 would be disqualified.

Additionally, terms would be set to sell the property in "as-is" condition, and pursuant to Government Code section 54233, a minimum of 15% affordable housing would be required to be built on-site if the site is ultimately developed for residential purposes.

County staff will be prepared to issue a Request for Proposals (RFP) to invite bids from potential buyers in early June. The proposal will require bidders to submit their bid of no less than \$7,500,000, along with a deposit in the form of a cashier's check for \$250,000. The RFP will close in August 2019 and staff anticipates returning to the Board of Supervisors on August 27, 2019 for consideration of the recommended bidder and the order of backup bidders. Upon the Board's approval, a purchase and sale agreement will be executed and the buyer will have 90 calendar days from the effective date in which to cancel escrow or waive all contingencies to close of escrow, and then 30 calendar days after that in which to close escrow or else forfeit its \$250,000 deposit.

Before the process of selling the Property may proceed, Government Code section 25526 requires that the Board of Supervisors, by at least a two-thirds vote of all of its members, adopt a resolution declaring its intention to sell the Property, setting forth a description of the Property, the minimum price for sale of the Property, and any other terms and conditions of such sale that shall apply to all bids and proposals ("Bids") in order to have their Bids deemed to be responsive and to make the Bids eligible for consideration. Pursuant to Government Code section 25539, the Board may also order the use of a procedure for sale of the Property different than that specified in sections 25526 et seq. by designating who shall conduct the sale and the date, time and place of the opening and

consideration of sealed Bids. The proposed resolution does so, and staff recommends and requests that the Board adopt the resolution.

SUPPORTING DOCUMENTS

A . Resolution of Intent to Sell

CEO Recommendation: Approve

Reviewed By: Leigh Sharp