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Agenda Date: 6/18/2019

Agenda Placement: 6KK

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: Amended and Restated Resolution of Intention to Sell Real Property Located at 2344 Old Sonoma Road

RECOMMENDATION

Director of Public Works requests adoption of an amended and restated resolution to supersede and amend Resolution No. 2019-65, which would again do the following related to the sale of the County-owned property located at 2344 Old Sonoma Road, Napa, California ("Property") (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.

On May 21, 2019, the Board of Supervisors adopted Resolution No. 2019-65, which declared its intention and authorization to sell the County surplus real property located at 2344 Old Sonoma Road ("Property") and set the terms and conditions of sale. During development of the Request for Proposals (RFP), staff identified that in order to appropriately meet the goals of the Board pertaining to encouraging affordable housing and incentivizing bidders to develop affordable housing units above the regulatory requirements, a new amended and restated resolution was necessary.

Today's amended and restated resolution continues to set the minimum bid price for purchase of 2344 Old Sonoma Road at \$7,500,000, however, it also outlines the ability for bidders to be granted an additional amount towards a combined (cash/housing credit) bid amount for agreeing to develop affordable housing units on the property above a minimum of 25 units, which staff has established as a reasonable baseline. All other terms and conditions of the sale and timeline remain the same.

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. The amended resolution would create an incentive for affordable housing, above the minimum threshold, to be developed at the site.
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 create an incentive for affordable house to be developed on the site beyond the minimum threshold.

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.

Following Board direction, staff complied with all requirements of Government Code section 54222, the Surplus Land Act ("Act") without successful sale of the property and subsequently entered into additional direct negotiations with the City of Napa. 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. On May 21, 2019 staff presented Resolution 2019-65 which would allow the County to sell the property through a public offering with the minimum bid price being set at \$7,500,000 and a minimum of 15% affordable housing would be required to be built on-site if the site is ultimately developed for residential purposes.

Subsequently, during development of the Request for Proposals (RFP), staff identified that in order to appropriately meet the goals of the Board pertaining to encouraging affordable housing and incentivizing bidders to develop affordable housing units above the regulatory requirements, a new amended and restated resolution was necessary. The proposed amended and restated resolution before the Board today explicitly outlines requirements for bidders to agree to a covenant on the Property which would bind them to constructing a minimum of 25 affordable housing units or 15% affordable housing, whichever is greater. Also included in the amended resolution is a process to incentivize bidders to go beyond that minimum number of units. Bidders may present a combined bid amount that would include at least the minimum sale price of \$7,500,000 in cash as well as a credit of \$45,000 per affordable housing unit above the minimum 25 unit requirement.

The \$45,000 credit toward a combined bid amount is based on the average amount the County has offered per unit to affordable housing developers during the last 5 years. The credit is intended only for calculation of the combined bid amount and is not a guarantee of future County assistance on a development project. The successful bidder would then be obligated by a restrictive covenant to build at least the amount of affordable housing units that they include in their bid documents that have been counted toward their combined bid amount. Staff believe this will meet the Board's stated goal of maximizing the affordable housing built on the site while also guaranteeing the County at least \$7,500,000 to assist in the jail financing plan as previously presented.

The timeline and the remaining provisions of the resolution remain the same. 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 still 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. In addition to the amended and restated resolution, attached to this Board Letter are the RFP, Purchase and Sale Agreement, and restrictive covenant which collectively outline the process bidders will be following and the contractual language they are agreeing to as a part of the sale. They are included for the Board's reference purposes.

The proposed amended and restated resolution again meets requirements for Government Code section 25526, and staff recommends and requests that the Board adopt the resolution. The RFP is prepared to posted and open June 19, 2019.

SUPPORTING DOCUMENTS

- A . Amended Resolution of Intent Sell Real Property
- B . Request for Proposals (RFP)
- C . Purchase and Sale Agreement (PSA)
- D . Restrictive Covenant

CEO Recommendation: Approve

Reviewed By: Leigh Sharp