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

RECOMMENDATION
Director of Public Works requests adoption of a resolution authorizing the following related to the County owned property located at 1435 N. Oak St. in Calistoga commonly referred to as the Calistoga Fairgrounds ("Property") (4/5 vote required):

1. Declare a portion of the Property to be transferred to the City of Calistoga pursuant to Government Code Section 25365 (a);
2. Authorizing the Chair of the Board to execute a purchase and sale agreement, declaration of covenants and restrictions and reciprocal easement agreement, and grant deed for conveyance of the Property to the City of Calistoga ("City");
3. Authorizing the Chair of the Board to take any other steps and to sign any other documents that are necessary to consummate the sale of the Property to the City; and
4. Find that this action is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to: (a) Class 12 "Surplus Government Property Sales."

EXECUTIVE SUMMARY
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, a non-profit organization, who managed 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. In 2016, the County engaged the City of Calistoga ("City") in discussions about alternative approaches to on-going management of the Property.
As a result of those discussions, 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. In December of 2018, the Napa County Fair Association terminated its agreement with the County. Today's proposed action is a result of the negotiations that will transfer 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, a single-family residence, and the recreational vehicle parking area. The remaining portion of the Property, consisting of the golf course and clubhouse and a single family residence, will remain in County ownership. The City of Calistoga has agreed to pay $225,000 per acre for a total of $7,717,500.

The recommended resolution provides for the transfer of a portion of the Property to the City, authorizes the Chair of the Board to execute a purchase and sale agreement and grant deed for conveyance of the Property, authorizes the County Executive Officer to take any other steps necessary to consummate the sale, and makes a determination that this action is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to Class 12.

PROCEDURAL REQUIREMENTS

1. Staff reports.
2. Public comments.
3. Motion, second, discussion and vote on the item.

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 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.

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 is a proposed sale of approximately 34.3 acres of the Property to the City for their use and continued operations. The City has stated their intention to continue public use of the Property. 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.

Included in the Purchase and Sale Agreement (PSA) are requirements of both the City and County for completion of the transaction. After final execution of the PSA by both parties, the City will deliver a $100,000 security deposit into an escrow account. The City shall have a 120 day due diligence period to further investigate the site, and must waive all contingencies or cancel the escrow. After waiver of contingencies, the City will have 60 days to close escrow on the property. During the due diligence period, the County will be obligated to make reports, site plans, permits, and other relevant materials related to the property available to the City, as well as accommodate access onto the site for inspections.

The PSA also includes terms related to future uses. The City and County have agreed that the development of a Master Plan for the property would be undertaken upon any zoning change, property sale or long-term lease of fifty (50) or more years. The plan would cover the entirety of the existing lands, including the property retained by the County and that the County will share in reasonable costs of preparing such a Master Plan. Separately, the PSA requires the County to construct water and wastewater lateral connections to existing public facilities rather than continue to receive services from connections serving the property to be conveyed to the City. The PSA also allows for the development of additional easements during the due diligence period that may be required to accommodate continued and future uses by both parties. Finally, a Declaration of Covenants and Restrictions and Reciprocal Easement Agreement ("Declaration") will be recorded separately from the PSA and outlines a process
for revenue sharing by the City in the event that future development through property sales or leases of the property that is conveyed to the City through this sale and meet certain requirements, as well as requirements for development of the Master Plan referenced in the PSA.

The City of Calistoga is also considering the PSA on August 20, 2019 at its regular City Council meeting. Staff anticipates closing on the Property approximately February 15, 2020.

As of January 1, 2019, the County's agreement with NCFA 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.

Adoption of the recommended resolution will allow the Chair to execute the PSA, the Declaration and grant deed for conveyance of the Property to the City. It will also authorize the Chair to take any other steps and to sign any other documents that are necessary to consummate the sale to the City.

**SUPPORTING DOCUMENTS**

A. Resolution

CEO Recommendation: Approve
Reviewed By: Helene Franchi