



Board Agenda Item 44

DATE: September 13, 2016

TO: Board of Supervisors

SUBMITTED BY: Robert W. Bash, Director of Internal Services/Chief Information Officer

SUBJECT: Approve Surplus and Sale of County Property - Ventura and Tenth Streets

RECOMMENDED ACTION:

Adopt Resolution (4/5 vote) to declare as surplus the County-owned property, approximately 12.586 acres, located in the south west corner of Ventura and Tenth Streets, Fresno, CA commonly known as the former Juvenile Hall (APN's 470-054-04t, 14t, 16t, 9t, 10t, 11t, 12t, 13t; 470-124-07t, 09t; 470-021-01t; 470-133-01t) and declare the board's intention to sell the property at a minimum price of \$2,100,000.

Staff is returning with this item containing the necessary actions to effect the sale of the 10th Street property. Approval of the recommended action will declare the property as surplus and set a minimum sale price for the property to initiate the sale process. California Government Code sections 54220, et seq., require that certain qualified governmental agencies be given the first opportunity to purchase County surplus property for certain public purposes such as park and recreation or development of affordable housing. Such agencies must be given a written offer to sell the property in accordance with Government Code section 54222, after which they will have 60 days to notify the County of their intent to purchase the property. Thereafter, if the price and other terms of sale cannot be agreed upon after a 90 day good faith negotiation period with each responding agency; the property may be sold through the public bidding process.

ALTERNATIVE ACTION:

Do not sell the property and leave vacant the juvenile justice facilities with maintenance costs averaging \$126,678 per year over the past six years (\$122,229 for FY 2015-16).

FISCAL IMPACT:

The fiscal impact would be determined by the ultimate final sale price. County costs associated with the sale of the property include the cost of a Preliminary Title Report and advertising to sell the property, all of which together are estimated at \$17,500. Currently, maintenance cost for the vacant 10th Street facilities averages \$126,678 per year, mainly for routine facility and landscape maintenance, utilities and security and is funded from General Fund Organization 2540, Interest and Miscellaneous Expenditures. Probation and Internal Services Department (ISD) pay the operating costs for the space they occupy.

DISCUSSION:

The County used the 10th Street property beginning in the 1950's as a juvenile facility that consisted of dormitories, playgrounds, a school and other buildings to support the juvenile facility. The juvenile facility was closed in 2006 when the American Avenue juvenile facility was opened.

Three buildings located at the property are occupied, Probation (2 buildings, 19,032 sf and 2,890 sf) and a building occupied by the ISD office and computer center (20,872 sf).

If the property is sold, it will be necessary to relocate the Probation and ISD operations to other leased or purchased sites, unless staff is able to negotiate a lease back of the office space occupied by these departments.

A sale of the property requires noticing to other governmental entities and giving them 60 days to respond with a notice of interest to purchase or lease and another 90 days to negotiate an agreement. If none of those governmental entities purchases the property, the public must be noticed and a public auction conducted when selling or leasing County property.

Closed Juvenile Justice Facilities, Ventura and 10th Streets - Exhibit "A"

- The majority of the Property was acquired February 16, 1897 for \$7,000 in gold coin. Additional areas were added for playgrounds and parking for the facility.
- Land area: Approximately 12.586 acres. Building Square Feet: 188,804 sf. - Vacant: 146,010 SF
- Occupied Buildings at site: Probation: 21,922 sf., Information Technology Services: 20,872 sf.
- Zoning: Majority of property R-1 (Single Family residential); Ball Field and Parking Area is C-6 (Commercial Highest Use).
- Use options: Use of the facility is limited because of costs to make necessary repairs and improvements. Fire suppression upgrade is estimated at \$1,250,000. Replacement of the chiller, boilers and other mechanical systems would be a major expense. Several County departments have looked at the 10th Street buildings, but expensive renovations would be necessary to change to office or other space use.
- Expenditures for maintenance at 10th Street are shown on Exhibit "B".

10 Street Property Appraisal

James G. Palmer, Palmer & Associates, an independent appraiser, engaged by the County, was directed to appraise the property as two parcels as shown on Exhibit "C" This appraisal method was selected to permit your Board to have options in selling the parcels. The fair market value of the property was determined as of April 18, 2014. The appraisal report identified the following:

Parcel 1 - North Parcel - Juvenile Justice Property (7.906 acres)

- Property Valuation, a negative (\$105,000 adjusted value), land \$1,378,000; buildings and improvements no value, demolition cost estimated at \$1,482,810.
- Highest and best use: Due to the age, condition, design and special purpose use, the structures and all of the improvements have outlived their economic and useful life. The structures and improvements should be removed, the land cleared, and the parcel rezoned for multifamily development.

Parcel 2 - South Parcel - Probation/Computer Services Property (4.680 acres)

- Property valuation, \$5,137,000 (Land \$815,000, Improvements \$4,322,000)
- Highest and best use: interim use as government offices on multiple family land.

Recommended Minimum Sale Price - \$2,100,000

Your Board set the minimum bid at \$2,100,000 at the May 24, 2016 Board of Supervisors meeting.

Surplus Land Act Procedures

California Government Code section 54220 et. seq. outlines the statutorily mandated procedure under the Surplus Land Act, which must be followed before the County may otherwise sell the property. Under the Surplus

Land Act, the County must offer the property for sale to certain qualified public agencies. Such agencies have 60 days to respond with a notice of interest to purchase the property. If an agreement cannot be reached with any interested agency after a 90 day good faith negotiation period, the County may then sell the property through public bidding.

Assuming that the foregoing process does not result in a successful sale of the property, the County may sell the property to a private party or any other governmental agency, according to the County's bidding requirements.

Public Bidding Procedures

The public bidding procedures to sell surplus property are as follows:

- A. The minimum sale price, and conditions of sale, would continue to be the minimum sales price, and conditions of sale, set by your Board pursuant to this agenda item, and the property advertised for sale on a specific date. A site tour for interested parties will be conducted on March 23, 2017 at 9:30am.
- B. Written bids from interested parties would be mailed or delivered to the Clerk to the Board, Hall of Records, Third Floor, 2281 Tulare Street, Fresno, CA 93721, by 9:00 a.m. on May 23, 2017 in a sealed envelope labeled "Bid to Purchase Surplus County Real Property 10th Street, Fresno, CA" and accompanied by a bidder's deposit in the sum of \$25,000 in the form of a certified or cashier's check payable to the County of Fresno.
- C. Upon opening of the written bids, the Board of Supervisors would request oral bids. Oral bidders who have not made a bidder's deposit must present a certified or cashier's check before making an oral bid and the check must be in the sum of \$25,000 and payable to the County of Fresno. The first oral bid must be at least 5% over the highest written bid for the property being sold.
- D. All unsuccessful bidders will have their bidder's check returned to them upon completion of the bidding. The deposit of the successful bidder is nonrefundable.
- E. The Board of Supervisors reserves the right to reject any and all bids if it deems it best for the public interest.
- F. The successful bidder would sign the Sale and Purchase Agreement and Escrow Instructions and pay to the County the remaining balance of the purchase amount as provided in the sale and purchase agreement.
- G. County Counsel would review the proposed sale and need to approve the sale.
- H. Upon designation of a successful bidder, all terms and conditions of the sale and purchase agreement will need to be satisfied. If the first bidder cannot meet the requirements and deadlines of the sale, the Board of Supervisors may accept the bid of the runner-up bidder, subject to the same requirements as apply to all bids for this property. Under such an event, the first bidder forfeits the deposit.

REFERENCE MATERIAL:

BAI #12, May 24, 2016
BAI #9, February 9, 2016
BAI #9, July 15, 2014
BAI #7, September 17, 2013
BAI #16, February 8, 2011

ATTACHMENTS INCLUDED AND/OR ON FILE:

Agenda Exhibits A-C
On File with Clerk - Resolution

CAO ANALYST:

John Hays

