



Board Agenda Item 8

DATE: April 11, 2023

TO: Board of Supervisors

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

SUBJECT: Surplus and Sale of County Property - E. Kings Canyon Road and S. Cedar Ave

RECOMMENDED ACTION(S):

- 1. Adopt Resolution declaring County-owned property located in the northeast corner of E. Kings Canyon Road and S. Cedar Avenue, Fresno, CA, approximately 30 acres, commonly known as the former University Medical Center (APN 461-020-03T) surplus land; and**
- 2. Adopt Resolution declaring County's intention to sell the surplus property at a minimum price of \$6,000,000 (4/5 vote).**

Department of Internal Services staff is returning with this item containing the necessary actions to sell the real property located in the northeast corner of E. Kings Canyon Road and S. Cedar Avenue, Fresno, CA, commonly known as the UMC property (the Property). Approval of first recommended action will make a determination that the Property is not necessary for County use and declare the Property as surplus land. Approval of second recommended action will adopt a resolution declaring the Board's intention to sell the Property, set a minimum sale price for the Property to initiate the sale process, and fix a time for a public meeting of the Board at which sealed proposals to purchase the Property will be received and considered in the event the County does not come to an agreement with a public entity. Government Code section 54220, et seq. (the Surplus Land Act), requires that certain local public entities, as well as housing sponsors, be given the first opportunity to purchase County surplus land for certain public purposes, such as open space, parks and recreation, or development of affordable housing. Such entities must be given a written notice of availability to purchase the Property in accordance with the Surplus Land Act, after which these agencies will have 60 days to notify the County of their interest in purchasing the Property. Thereafter, if the price and other terms of the sale cannot be agreed upon after a 90-day good faith negotiating period with each responding entity, the Property may be sold through a public bidding process pursuant to Government Code, section 25526 et. seq. If the County does reach an agreement with a public entity described in the Surplus Land Act, the date set in action item two will be vacated. This item pertains to a location in District 3.

ALTERNATIVE ACTION(S):

Your Board may set a different price for the Property, decline to approve the recommended actions and direct the Department to continue to pursue other real property sale opportunities, or elect to keep the Property.

FISCAL IMPACT:

The fiscal impact would be determined by the ultimate final sale price. County costs associated with the sale of the Property include a cost of a Preliminary Title Report and the cost to advertise the sale of the Property, together estimated at \$25,000. Currently, maintenance costs for the vacant portions of the

Property average approximately \$1,000,000 annually, funded from the CAO Interest and Miscellaneous Expenditures Org 2540. The funds are used for routine facility and landscape maintenance, utilities, and security. The Department of Behavioral Health and Department of Social Services pay operating costs for the spaces they occupy at the Property.

DISCUSSION:

Property Background

Edwin Munsey deeded the Property to the County on January 11, 1887 for 9,600 gold coins of the United States of America. Generally referred to as the University Medical Center or UMC campus, a hospital was first established on the Property in the late 1800's, which was destroyed by a fire. A new hospital replaced the earlier structures in 1906. On July 21, 1925, the County of Fresno deeded the northern half of the Property to the Fresno Unified School District to establish Theodore Roosevelt High School.

The hospital went through numerous expansions, upgrades, and demolitions throughout the years. It is now composed of two 6-story towers, with a 4-story connecting wing, and various low-rise additions. The hospital buildings vary in size from 741 square feet to 178,233 square feet, totaling 412,280 square feet. The hospital was also used as a teaching facility for California State University, Fresno, and the University of California, San Francisco. In 2007, the hospital stopped its operations, as the facilities were obsolete relative to then-current Office of Statewide Health Planning and Development (OSHPD) requirements and standard medical practices, and has since remained vacant. According to a Kaplan McLaughlin Diaz Facilities Needs Assessment released in 1994, the cost of bringing the hospital up to code would equal roughly \$138 million. Demolition costs were estimated at roughly \$11 million, for a complete demolition of the hospital structures.

The site is composed of two six-story towers, with a four-story connecting wing, and various low-rise additions (Attachment A). The hospital buildings vary in size from 741 to 178,233 square feet, totaling 412,280 square feet. All the buildings to be sold are in average to fair condition, except for the hospital building, which has reached the end of its economic life. The surrounding buildings are used by the County's Department of Behavioral Health and ancillary facility support and storage, occupying 13% of the Property. The Department of Behavioral Health provides a range of public services, such as drug and alcohol treatment and counseling, mental health, and other services. The Department of Behavioral Health is in the planning phase to relocate their services to two sites, at Shields and Millbrook Avenues, and Olive and Clovis Avenues. These relocations are anticipated to be complete by the end of 2025. Accommodations for ongoing occupation of these buildings post-sale will need to be accommodated via a lease that will be negotiated with the potential buyer and will be included as attachments to the proposed Sale and Purchase Agreement.

On June 8, 2021, this item previously came to your Board, at which time your Board declared the Property surplus land, and the County issued the notice of availability to the listed entities. The County thereafter unsuccessfully negotiated with the City of Fresno through June of 2022. Because so much time has passed since the County issued the last notice of availability, to ensure compliance with the Surplus Land Act, the County is again declaring the Property surplus land and issuing a notice of availability to the entities listed in the Surplus Land Act.

Authority

Government Code, section 54220 et. seq. outlines the statutorily mandated procedure under the Surplus Land Act that 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 entities. Such entities have 60 days to respond with a notice of interest to purchase the Property. If an agreement cannot be reached with any interested entity after a 90-day good faith negotiation period, the County may then sell the Property through a public bidding process described in the Government Code.

If the County reaches an agreement with a public entity described in the Surplus Land Act, the date set in action item two will be vacated.

If no notice of interest is received during the initial 60-day response period, or if 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, in compliance with Government Code section 25526.

Public Bidding Procedures

The public bidding procedures to sell surplus land established in Government Code section 25526 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 the recommended action, and the Property advertised for sale on a specific date. A site tour for interested parties is tentatively scheduled on June 30, 2023 at 9:30 a.m., to be utilized in the event no notice of interest is received or if the Surplus Land Act process does not result in a successful sale of the Property.
- B. Written bids from interested parties would be mailed or delivered to the Clerk of the Board, Hall of Records, Third Floor, 2281 Tulare Street, Fresno, CA 93721 by 9:30 a.m. on August 8, 2023 in a sealed envelope labeled "Bid to Purchase Surplus County Real Property, E. Kings Canyon Road and S. Cedar Avenue, Fresno, CA," and accompanied by a bidder's deposit in the sum of \$50,000, in the form of a certified or cashier's check payable to the County of Fresno. These bids would be kept sealed until the Board's examination.
- C. Upon the opening of the written bids, and before accepting any written bid, the Board shall call for 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 \$50,000 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. Of the written bids submitted which conform to all terms and conditions specified in the resolution of intention to sell the Property, and which are made by responsible bidders, the bid which is the highest shall be finally accepted, unless a higher oral bid is accepted, or the Board rejects all bids.
- E. 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.
- F. The Board reserves the right to reject any and all bids if it deems it best for the public interest.
- G. County Counsel and Auditor Controller/Treasurer Tax Collector will review and approve the proposed Sale and Purchase Agreement and Escrow Instructions as to legal and financial form, respectively.
- H. The successful bidder will sign the Sale and Purchase Agreement and Escrow Instructions and pay to the County the remaining balance of the purchase amount and closing costs, and any other costs, as provided in the Sale and Purchase Agreement.
- I. 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 may accept the bid of the runner-up bidder, subject to the same requirements as apply to all bids for the Property. Under such an event, the first bidder forfeits its \$50,000 deposit.

REFERENCE MATERIAL:

BAI# 7, June 8, 2021

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A

On file with Clerk - Resolution to declare Surplus Land

On file with Clerk - Resolution to declare Sale of County Property

CAO ANALYST:

Ahla Yang