



Board Agenda Item 50

DATE: July 18, 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 and Agreement with Colliers Tingey International, Inc.

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute a listing agreement with Colliers Tingey International, Inc. for marketing and real estate services to assist in the sale of the former University Medical Center (UMC) property, effective upon execution, for a potential 18 month term not to extend beyond December 31, 2024, total not to exceed \$120,000; and**
- 2. Adopt Resolution declaring County's intention to sell the surplus property at a minimum price of \$6,000,000 and setting September 19, 2023 as the revised date at which sealed proposals to purchase the surplus property will be received or considered (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 the first recommended action will approve a listing agreement with Colliers Tingey International, Inc. (Colliers) for marketing and related services. Approval of the second recommended action will adopt a revised 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, as required by Government Code § 25526. Approval of the second recommended action will also move the previously approved date of the auction to September 19, 2023, to provide Colliers sufficient time to market the location. This item pertains to a location in District 3.

ALTERNATIVE ACTION(S):

Your Board may decline to approve the recommended actions and direct the Department to market the Property using internal resources and continue with the previously approved August 8, 2023 sale date.

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. The full cost of the recommended agreement with Colliers will come out of the proceeds of the sale.

DISCUSSION:

The Property 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 for 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 had passed since the County issued the last notice of availability, to ensure compliance with the Surplus Land Act, the County again declared the Property surplus land on April 11, 2023, and issued a notice of availability to the entities listed in the Surplus Land Act. This period expired on June 12, 2023. The County did not receive any responses of interest and did not participate in negotiations with any entities listed in the Surplus Land Act during this response period. The resolution set August 8, 2023 as the date for sale of the Property.

The Department requires more time for Colliers to market the Property before the sale, and recommends that September 19, 2023 be set as the revised date for sale.

The recommended agreement with Colliers will provide marketing services for the Property. The County will pay \$120,000 commission to Colliers when the Property sells, which shall be paid directly out of the sale proceeds in escrow.

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.

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 July 27, 2023 at 9:30 a.m.
- 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 September 19, 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
BAI #8, April 11, 2023

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A
On file with Clerk - Agreement with Colliers International
On file with Clerk - Resolution

CAO ANALYST:

Ahla Yang