



# COUNTY OF HUMBOLDT

For the meeting of: 12/10/2019

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File #: 19-1729

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**To:** Board of Supervisors

**From:** Public Works

**Agenda Section:** Consent

**SUBJECT:**

Defer the Approval of the Humboldt County 4<sup>th</sup> Street Property Acquisition and Development Project and Consummation of the Purchase of the 4<sup>th</sup> Street Properties to a Later Date

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Defer the approval of the Humboldt County 4<sup>th</sup> Street Property Acquisition and Development Project and consummation of the real properties located at 1017 4<sup>th</sup> Street, 1023 & 1025 4<sup>th</sup> Street, and 1031, 1035 & 1039 4<sup>th</sup> Street in Eureka to a later date.

**SOURCE OF FUNDING:**

General Fund (1100)

**DISCUSSION:**

On January 19, 2016, your Board approved the first stage in a comprehensive finance package to move the county in the direction of having campuses where like functions are grouped together for better public services.

The Public Defender Building located at 1001 4<sup>th</sup> Street, Eureka is a key component in the finance package, campus concept. The real properties next door to the Public Defender Building, 1017 4<sup>th</sup> Street, 1023 & 1025 4<sup>th</sup> Street, and 1031, 1035, & 1039 4<sup>th</sup> Street, Eureka, are for sale (Exhibit A - Site Plan). Should the county purchase these real properties, it would provide significant benefits to the campus complex concept. The optimal long-term use of the real properties will be evaluated as part of the county's facilities master plan. Currently, the anticipated short-term use of the real properties, if acquired, is to develop a parking area that would off-set the parking capacity to be lost with development of the Humboldt County Community Corrections Re-entry Resource Center.

On December 6, 2016, the Board authorized the County Administrative Officer and designees to negotiate terms of purchase real property at 1017 4<sup>th</sup> Street, 1023 & 1025 4<sup>th</sup> Street and 1031, 1035, & 1039 4<sup>th</sup> Street.

On June 8, 2017, the county obtained appraisals of the real properties, denoting a total market value of Nine Hundred Eleven Thousand Five Hundred Dollars (\$911,500).

The contingencies in the Offer to Purchase was agreed upon by the owner. The county consequently hired LACO Associates to analyze environmental impacts in accordance with the California Environmental Quality Act (CEQA). The county worked on completing the environmental review process for the acquisition and preparation of a plan to implement a proposed parking lot development scenario. The work required additional time beyond the planned close of escrow of August 30, 2019. A meeting occurred between the owner's representative, Community Realty, and the county, asking for the extension to the August 30, 2019, planned close of escrow date. The letter outlines certain provisions with a timeline and a new close of escrow date of December 31, 2019.

Community Realty, through negotiations with the owner, submitted a new Commercial Property Purchase Agreement that increased the purchase price to Nine Hundred Eleven Thousand Five Hundred Dollars (\$911,500) and denotes planned close of escrow at December 31, 2019. As part of the provisions, the county submitted a non - refundable deposit in the amount of Forty-Five Thousand Dollars (\$45,000) towards the purchase price.

On August 27, 2019, your board approved publishing a Notice of Intention to Purchase Real Property with your Board to meet on November 19, 2019, to consummate the purchase of the properties (Exhibit B - Notice of Intention to Purchase Real Property).

On September 17, 2019, the City Council of the City of Eureka passed Resolution No. 2019-49 determining that the county's acquisition and development in the 1000 block of 4<sup>th</sup> Street conforms with the City of Eureka 2040 General Plan (Exhibit C - City of Eureka Resolution No. 2019-49).

On October 14, 2019, the county published a proposed Initial Study and Mitigated Negative Declaration for evaluating potentially significant environmental impacts for the proposed acquisition and development of the real properties (Exhibit D - Initial Study and Mitigated Negative Declaration). Eleven (11) mitigation measures were identified to ensure that environmental impacts are less than significant. The mitigation measures address architectural review to ensure avoidance of visual impacts to the historical character of the Eureka Old Town Historic District; archaeological monitoring; protective measures for the inadvertent discovery of cultural resources, human remains, or fossils; and avoidance of significant noise and traffic impacts. A digital copy of the document was posted on the county's website and digital copies were submitted to the State Clearinghouse for circulation to state agencies. The public review period for this document extended from October 14, 2019, through November 12, 2019. No comments were received.

On November 5, 2019, your Board approved publishing an amended Notice of Intention to Purchase Real Property (Exhibit E- Amended Notice of Intention to Purchase Real Property) to change the consummation to purchase date from November 19, 2019, to December 10, 2019, to allow time for public input and Board adoption of the proposed Initial Study and Mitigated Negative Declaration .

Due to issues relating to the tenants and occupants residing at these real properties, staff is requesting

your Board to defer any approvals of the project, including consummation of the Purchase Agreement until a later date.

FINANCIAL IMPACT:

Included in the January 19, 2016, agenda item your Board directed the Treasurer Tax Collector and County Administrative Office to secure Five Million Five Hundred and Ninety Thousand Dollars (\$5,590,000) for various capital improvement projects. Architectural Engineering service for design of a new building at 1001 4<sup>th</sup> Street (Public Defender Building) was part of this financing package. This is known as the 2016 Finance Plan. A portion of this funding will be used to purchase this property. The funding is budgeted in FY 19/20 Capital Projects (1100170) budget.

A non-refundable deposit of Forty-Five Thousand Dollars (\$45,000) towards the purchase price was made to Gerald D. Rush and Belinda M. Rush, Trustees of the Gerald D. Rush and Belinda M. Rush Revocable Trust of 2007, upon execution of the Notice of Intention to Purchase Real Property.

In the event that escrow does not close by December 31, 2019, a second non-refundable deposit of Forty-Five Thousand Dollars (\$45,000) towards the purchase price will need to be made to Gerald D. Rush and Belinda M. Rush, Trustees of the Gerald D. Rush and Belinda M. Rush Revocable Trust of 2007, to continue the consummation of the purchase agreement. The final payment of Eight Hundred Twenty-One Thousand Five Hundred Dollars (\$821,500) plus escrow fees will be made at close of escrow.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by providing for and maintaining infrastructure.

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose not to defer the approval of the Humboldt County 4<sup>th</sup> Street Property Acquisition and Development Project and consummation of the purchase of the 4<sup>th</sup> Street properties. A subsequent Board meeting will be required to allow staff time to prepare the resolution for the Board to adopt the Initial Study and Mitigated Negative Declaration and to amend the purchase agreement to remove one (1) of the provisions relating to tenants and occupants. This action is not recommended due to the issues relating to the tenants and occupants currently residing at this location.

Your Board could choose to reject the purchase agreement.

ATTACHMENTS:

Exhibit A - Site Plan

Exhibit B - Notice of Intention to Purchase Real Property

Exhibit C - City of Eureka Resolution 2019-49

Exhibit D - Initial Study and Mitigated Negative Declaration

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Exhibit E - Amended Notice of Intention to Purchase Real Property

PREVIOUS ACTION/REFERRAL:

Board Order No.: H-3, C-5, C-17, J-1, C-15

Meeting of: 1/19/2016, 12/06/16, 7/30/19, 8/27/19, 11/05/19

File No.: 19-1029, 19-1211, 19-1546