



COUNTY OF HUMBOLDT

For the meeting of: 7/30/2019

File #: 19-1029

To: Board of Supervisors

From: Public Works

Agenda Section: Consent

SUBJECT:

Notice of Intention to Purchase Real Property at 1017 Fourth Street, 1023 & 1025 Fourth Street, and 1031, 1035, & 1039 Fourth Street, Eureka

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the Notice of Intention to Purchase Real Property (Notice) in accordance with Government Code section 25350;
2. Authorize the Chair of the Board to execute the Notice;
3. Direct the Clerk of the Board to return the Notice to Public Works;
4. Direct the Clerk of the Board to publish the Notice once a week for three (3) successive weeks pursuant to Government Code section 6063;
5. Direct Public Works to post the Notice in accordance with Government code section 25350; and
6. Authorize the Director of Public Works to initial, sign, and date where applicable the Property Purchase Agreement and Joint Escrow Instructions, Addendum No. 1A and 1B, and Possible Representation of more than one buyer or seller - disclosure and consent.

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 4th Street, Eureka is a key component in the finance package, campus concept. The properties next door to the Public Defender building, 1017 4th Street, 1023 & 1025 4th Street, and 1031, 1035, & 1039 4th 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 this property will be evaluated as part of the county's

facilities master plan. Currently, the anticipated use of the property, 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 to purchase property at 1017 4th Street, 1023 & 1025 4th Street and 1031, 1035, & 1039 4th Street.

On January 6, 2017, the owner of the parcels, Gerald Rush and Belinda Rush, Trustees of the Gerald D. Rush and Belinda M. Rush Revocable Trust of 2007, authorized Community Realty to represent them and create a Listing Agreement for the purchase of the parcels at a total price of Nine Hundred Thousand Dollars (\$900,000), with escrow to close on August 30, 2018 (Exhibit B - Listing Agreement).

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

On August 29, 2017, the county submitted an offer to purchase in the amount of Nine Hundred Thousand Dollars (\$900,000), with purchase contingent on staff coming back to your Board for approval of mitigation measures to be outlined in a future California Environmental Quality Act (CEQA) report (Exhibit C - Offer to Purchase). The contingencies in the Offer to Purchase was agreed upon by the owner. The county consequently hired LACO Associates to prepare the CEQA report. The county is currently working on completing the environmental review process for the acquisition and preparation of a plan to implement a proposed parking lot development scenario. This work will require additional time beyond the planned close of escrow of August 30, 2019. A recent 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 results of the meeting are outlined in a letter from the county to Community Realty dated May 23, 2019, (Exhibit D - County Letter dated 5-23-19). The letter outlines certain provisions with a timeline and a requested new close of escrow date of December 31, 2019.

Community Realty, through negotiations with the owner, has submitted a new Commercial Property Purchase Agreement that increases the purchase price to Nine Hundred Eleven Thousand Five Hundred Dollars (\$911,500) and denotes planned close of escrow at December 31, 2019. The owner has agreed to the provisions as outlined in the May 23, 2019, letter by use of a revised a) Purchase Agreement, b) Addendum No. 1A, c) Addendum No. 1B, and d) Possible representation of more than one buyer or seller - disclosure and consent. As part of the provisions, the county will submit a non - refundable deposit in the amount of Forty-Five Thousand Dollars (\$45,000) towards the purchase price after approval and execution of the Notice of Intention to Purchase Real Property. The Notice will denote a date and time to hear public input on the purchase of the real properties, and a date and time for your Board to consummate the purchase.

Prior to purchasing of real property, Government Code section 25350 requires your Board to approve and publish a notice of your Board's intention to purchase real property pursuant to Government Code

section 6063. Attached is the Notice of Intention to Purchase Real Property.

FINANCIAL IMPACT:

Included in the January 19, 2016, agenda item your Board directed the Treasurer Tax Collector and County Administrative Office to secure \$5,590,000 for various capital improvement projects. Architectural Engineering service for design of a new building at 1001 4th 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 will be 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. Should escrow not close by December 31, 2019, a second non-refundable deposit of Forty-Five Thousand Dollars (\$45,000) towards the purchase price will be made to Gerald D. Rush and Belinda M. Rush, Trustees of the Gerald D. Rush and Belinda M. Rush Revocable Trust of 2007.

It is anticipated that the CEQA document will be completed and close of escrow will occur by December 31, 2019, at that time, the final payment of Eight Hundred Sixty-Six Thousand Five Hundred Dollars (\$866,500) plus escrow fees will be made. Should the CEQA document not be completed and/or escrow not close by December 31, 2019, 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 approve the Notice of Intent to Purchase Real Property and referenced documents, resulting in the County not obtaining the property for future use.

ATTACHMENTS:

Notice of Intent to Purchase Real Property
Exhibit A - Notice of Intent to Purchase Real Property
Commercial Property Purchase Agreement and Joint Escrow Instructions
Addendum No. 1A
Addendum No. 1B
Possible Representation of more than one Buyer or Seller - Disclosure and Consent
Exhibit A - Site Plan
Exhibit B - Listing Agreement
Exhibit C - Offer to Purchase

File #: 19-1029

Exhibit D - County letter dated 5-23-19

PREVIOUS ACTION/REFERRAL:

Board Order No.: H-3, C-5

Meeting of: 1/19/2016, 12/06/16

File No.: N/A