Napa County

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Legislation Details (With Text)

File #:	21-115 **Version:** 1		
Type:	Resolution	**Status:**	Agenda Ready
File created:	4/14/2021	**In control:**	Board of Supervisors
On agenda:	5/4/2021	**Final action:**	

Title: County Executive Officer and Director of Public Works request adoption of a resolution taking the following actions related to sale of County Surplus Property located at 2344 Old Sonoma Road (Property):
1. Waiving any irregularities in the bid received by SN Management Corp. and finding the sole bid responsive;
2. Accepting the bid from SN Management Corp. in the amount of $7.5 million and with a commitment to construct at least 15% of the total residential units for sale at affordable cost or for rent at affordable rent for low income households, for the purchase of Property and authorizing the sale of Property to SN Management Corp. at that price;
3. Authorizing the Chair of the Board to execute a purchase and sale agreement and grant deed for conveyance of the Property to SN Management Corp. on terms and conditions consistent with the Resolution of Intent and at the respective bid/purchase prices accepted above;
4. Authorizing the Director of Public Works or designee to negotiate and execute any agreements or documents necessary to facilitate the purchaser's research and investigation of the Property during the due diligence period; and
5. Authorizing the County Executive Officer (CEO) or designee, for a period of 120 calendar days from the date that the Chair of the Board executes the Purchase Agreement with SN Management Corp., to take any other steps and to sign any other documents that are necessary to consummate the sale of the Property to SN Management Corp., including without limitation the execution of escrow documents and delivery of the County's grant deed to the purchaser and/or to an escrow holder agreed to by the CEO's office.

Sponsors: Board of Supervisors

Indexes:

Code sections:

Attachments: 1. OSR Final Acceptance Resolution, 2. OSR Purchase and Sale Agreement, 3. 21-115 Board Letter

Date	Ver.	Action By	Action	Result
5/4/2021	1	Board of Supervisors	Adopted the Resolution	Pass

TO: Board of Supervisors

FROM: Steven Lederer - Director of Public Works

REPORT BY: Leigh Sharp - Deputy Dir. Of PW - General Services

SUBJECT: Acceptance of bid for purchase of 2344 Old Sonoma Road

RECOMMENDATION

County Executive Officer and Director of Public Works request adoption of a resolution taking the following actions related to sale of County Surplus Property located at 2344 Old Sonoma Road (Property):

1. Waiving any irregularities in the bid received by SN Management Corp. and finding the sole bid responsive;
2. Accepting the bid from SN Management Corp. in the amount of $7.5 million and with a commitment to construct at least 15% of the total residential units for sale at affordable cost or for rent at affordable rent for low income households, for the purchase of Property and authorizing the sale of Property to SN Management Corp. at that price;
3. Authorizing the Chair of the Board to execute a purchase and sale agreement and grant deed for conveyance of the Property to SN Management Corp. on terms and conditions consistent with the Resolution of Intent and at the respective bid/purchase prices accepted above;
4. Authorizing the Director of Public Works or designee to negotiate and execute any agreements or documents necessary to facilitate the purchaser's research and investigation of the Property during the due diligence period; and
5. Authorizing the County Executive Officer (CEO) or designee, for a period of 120 calendar days from the date that the Chair of the Board executes the Purchase Agreement with SN Management Corp., to take any other steps and to sign any other documents that are necessary to consummate the sale of the Property to SN Management Corp., including without limitation the execution of escrow documents and delivery of the County's grant deed to the purchaser and/or to an escrow holder agreed to by the CEO's office.

EXECUTIVE SUMMARY

Approval of the proposed resolution will waive any irregularities in the bid received from SN Management Corp., accept the $7.5 million bid made by SN Management Corp. for the purchase of County surplus property located at 2344 Old Sonoma Road (Property), and will authorize the Chair of the Board and County staff to execute various purchase and sale, and escrow documents necessary for consummation of the sale of the Property. SN Management Corp. commits to the construction of at least 15% of the total residential units to be contained in the future development to be made available for sale at affordable cost or for rent at affordable rent for low income households and meets all other material requirements of the request for proposals that was issued related to sale of the Property.

PROCEDURAL REQUIREMENTS

1. Staff Report.
2. Public comments.
3. Motion, second, discussion and vote on the item.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
Where is it budgeted?	Revenue will be received from the proceeds of the sale.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The property has been declared surplus. Sale of the property will result in revenue that will be used to partially finance the Replacement Jail Project.
Is the general fund affected?	Yes
Future fiscal impact:	Sale of the property will be complete in Fiscal Year 2021-22.
Consequences if not approved:	The County will not have the benefit of the revenues received from the sale of surplus property, would need to determine whether to reissue an RFP for a new sale process, identify other financial resources for the Replacement Jail Project, and would need to continue to maintain the surplus property.
County Strategic Plan pillar addressed:	Effective and Open Government

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Additional Information:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: A Final Environmental Impact Report ("EIR") has been certified for the HHSA Campus Project (State Clearinghouse # 2011112008) in compliance with CEQA, the State CEQA Guidelines, and local procedures for implementing CEQA. The proposed surplus sale of the HHSA campus was analyzed in the EIR and Addendum thereto. Additionally, sale of the existing HHSA campus as surplus property would qualify for a Class 12 categorical exemption (see Class 12 -"Surplus Government Property Sales" at 14 CCR Section 15312). The EIR and Addendum are on file and are available for review in the Planning, Building, and Environmental Services department or by visiting https://www.countyofnapa.org/784/Napa-HHSA-Campus-Final-EIR. <http://www.countyofnapa.org/784/Napa-HHSA-Campus-Final-EIR>

BACKGROUND AND DISCUSSION

The County has owned and operated the property located at 2344 Old Sonoma Road (Property) in Napa (APN 004- 291-015-000) for more than fifty years as a health and human services campus, and for other uses for many decades. These County services were moved to a new location in 2016 and the property has sat mostly vacant since that time.

In August 2017, the Board of Supervisors designated the real property located at 2344 Old Sonoma Road (Property) as surplus. Efforts to sell the Property between 2017 and 2019 through the Surplus Lands Act (Act), through direct negotiation with the City of Napa, and through public offering were not successful. Details of these efforts can be found in past staff reports, the most recent dated February 23, 2021.

With a continued interest in selling the Property and due to changes to the Surplus Lands Act which went into effect on January 1, 2020, County was required to repeat the surplus process set forth in the Act. On March 24, 2020, the Board adopted Resolution 2020-42 designating the Property as surplus and directing County's Director of Public Works to comply with the Act by offering to sell the Property to the entities set forth in the Act. In compliance with Government Code section 54222, staff subsequently provided a written offer to sell the Property to entities meeting the qualifications described in the Act. The County received one timely response from Related California in partnership with Caritas (Related California) expressing interest in purchasing the Property for the purposes of developing affordable housing. On July 14, 2020, the Board appointed Supervisors Wagenknecht and Gregory to discuss real property negotiations related to the Property. With input from Supervisors Wagenknecht and Gregory, County staff conducted good faith negotiations for 196 days with Related California but was ultimately unable to agree to terms for a sale. County staff notified Related California that it was concluding negotiations on December 14, 2020.

On January 4, 2021, County staff notified HCD of its full compliance with the Act and its intent to offer the Old Sonoma Road property for sale through a Request for Proposals (RFP) process. HCD's 30-day comment period expired with only one comment regarding the form of the restrictive covenant received from HCD, thus allowing the County to proceed with a new RFP.

On February 23, 2021, the Board of Supervisors adopted Resolution 2021-18, which declared its intention and authorization to sell the County surplus real property located at 2344 Old Sonoma Road through a public offering "high bid" RFP process with the minimum bid price being set at $7,500,000 and a minimum of 15% affordable housing required to be built on site.

On April 19, 2021, in response to the RFP, the County received one sealed bid package for purchase of the Property. Per the RFP, the bid package was due at 12:00 PM and the sole bid was received at 12:04 PM, thus determined to be late and non-responsive given the strict language of the RFP. The Bid Selection Committee that was designated by the County Executive Officer to review bids convened on April 19, 2021 at 1:30 PM, opened the sole sealed bid submitted by SN Management Corp., and reviewed the bid materials. Two waivers of time requirements were issued related to the RFP, the first was a waiver that allowed the County to accept a late registration and the second was a waiver to a time requirement to submit a cashier's check. With consideration of the time waivers, the sole bid from SN Management Corp. was considered to be complete, including a commitment to construct 15% affordable housing units and agreement to close escrow on the property no later than 165 days (approximately 5.5 months) after a Purchase and Sale Agreement (PSA) is executed. The bid provides for 120 days (approximately 4 months) of due diligence, during which time SN Management Corp. retains the right to terminate the PSA.

On April 20, 2021, the County received a cashier's check payable to Placer Title Company from SN Management Corp. in the amount of $250,000 as required by the RFP.

Although County staff could not waive the requirement to submit a timely bid, the Board of Supervisors has authority to waive irregularities in the RFP process and find the sole bid responsive.

Because the offer made by SN Management Corp. was the sole bid and because it meets the intent of Resolution 2021-18 to sell the Property for a minimum of $7.5 million, with a commitment to construct at least 15% affordable housing units, an agreement to close escrow within a short time period and all other material aspects of the RFP, the Director of Public Works and CEO recommend and request the Board to adopt the proposed resolution waiving any regularities in the bid received by SN Management Corp., finding the bid responsive, accepting the bid from SN Management Corp., and authorizing the sale of the Property to SN Management Corp.

While not directly part of the RFP process, at 1:09 PM on April 19, 2021, prior to the bid opening scheduled to occur at 1:30 PM, County staff received a purchase proposal via email from The Related Companies of California (Related California) and the Caritas Corporation (Caritas), the partnership that was engaged in negotiations with the County through the Surplus Lands Act process. Although not responsive to the process or terms of the RFP, Related California/Caritas submitted a purchase proposal to express their continued interest in the property. Key terms of their purchase proposal included a purchase price of $6 million, an intent to build a combination of market-rate homes and affordable rental units with no fewer than 25% of the total units developed being affordable to low- and moderate-income households, and agreement to close escrow on the property no later than 31 months after a PSA is executed. The purchase proposal provides for 24 months of due diligence, during which time Related California/Caritas would retain the right to terminate the PSA.

SUPPORTING DOCUMENTS

Resolution

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