

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

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| (1) DEPARTMENT General Services Agency | (2) MEETING DATE 1/7/2014 | (3) CONTACT/PHONE Machelle Vieux, Deputy Director General Services 805-781-5200 | |
| (4) SUBJECT Submittal of a Resolution of Intention to Surplus and Sell County-owned Real Property in the Unincorporated Area of Cambria, setting an auction date of April 8, 2014 to sell two vacant County-owned lots on Cornwall Avenue in Cambria. District 2. | | | |
| (5) RECOMMENDED ACTION It is recommended that the Board approve the Resolution of Intention to Surplus and Sell County-Owned Real Property in the Unincorporated Area of Cambria and authorize the Chairperson to sign the Resolution, which will set a date of April 8, 2014 for the auction and will direct the Clerk of the Board to publish legal notices of the auction. | | | |
| (6) FUNDING SOURCE(S) n/a | (7) CURRENT YEAR FINANCIAL IMPACT See financial considerations | (8) ANNUAL FINANCIAL IMPACT n/a | (9) BUDGETED? n/a |
| (10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____) | | | |
| (11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A | | | |
| (12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) n/a | | (13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: n/a <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A | |
| (14) LOCATION MAP Attached | (15) BUSINESS IMPACT STATEMENT? No | (16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>1/4/2005, 9/1/2009,</u> <u>10/27/2009, 12/13/2011</u> | |
| (17) ADMINISTRATIVE OFFICE REVIEW Emily Jackson | | | |
| (18) SUPERVISOR DISTRICT(S) District 2- | | | |

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services Agency
Machelle Vieux, Deputy Director General Services
805-781-5200

DATE: 1/7/2014

SUBJECT: Submittal of a Resolution of Intention to Surplus and Sell County-owned Real Property in the Unincorporated Area of Cambria, setting an auction date of April 8, 2014 to sell two vacant County-owned lots on Cornwall Avenue in Cambria. District 2.

RECOMMENDATION

It is recommended that the Board approve the Resolution of Intention to Surplus and Sell County-Owned Real Property in the Unincorporated Area of Cambria and authorize the Chairperson to sign the Resolution, which will set a date of April 8, 2014 for the auction and will direct the Clerk of the Board to publish legal notices of the auction.

DISCUSSION

The former Cambria Library located at 900 Main Street has outgrown its space requirements over the past decade, and Library staff has worked with the Cambria Friends of the Library ("Cambria FOL") to find a solution to remedy the problem. It is a County policy that new library facilities can be considered when the community contributes half of the funds needed for the project. As agreed with the Cambria FOL, vacant lots at 790 Cornwall Street near the intersection of Hillcrest Drive (APNs 022-123-003 and 022-123-022) were purchased by the County on February 17, 2005 at a price of \$518,000 with the intention to build a new library on the property. See Attachment #1 for a location map and Attachment #2 for a parcel map.

In 2009, another property located at 1043 Main Street in Cambria, where a new building was under construction, was identified by the Cambria FOL as another option for the new library. It appeared to be a better location for the library and could be completed at a lower cost. The property was purchased by the County at a price of \$2,800,000 on November 3, 2009, and a new library opened in this location on December 26, 2013.

On September 1, 2009, the County signed a Memorandum of Understanding (MOU) with the Cambria FOL that estimated the cost to finish the new Cambria library improvements and determined the amount of funds necessary to be raised by the Cambria FOL. On December 13, 2011, the MOU was replaced with a new MOU that revised the timeline for fundraising by the Cambria FOL and revised the sale requirement for the vacant lots on Cornwall Street so that they could be sold at any time. The County and the Cambria FOL are each credited 50% of the net proceeds of the sale of both the Cornwall lots and the former Cambria Library toward the fundraising goal for the new library.

The real estate market has been weak over the past several years, and the County has opted not to market the Cornwall lots until now. Since the new library is now complete and the real estate market has somewhat improved, it is necessary to proceed with the sale of the Cornwall lots in order to reconcile the fundraising and sales proceeds with the total project costs. The County also intends to proceed soon with the sale of the former library location at 900 Main Street. The Cambria Community Services District has expressed an interest in acquiring the former library, and negotiations are in process.

Included with the sale of the Cornwall properties is 1.29 commercial equivalent water dwelling units (EDU's) allocated to APN 022-123-003 by the Cambria Community Services District (CSD) in an Intent to Serve Letter. In preparation for the sale of the Cornwall lots, the County requested approval of an extension to the Intent to Serve Letter that would have otherwise expired on June 1, 2014. On November 21, 2013, the Cambria CSD approved the extension of the Intent to Serve Letter to June 1, 2017. One of the two lots (APN 022-123-003) also is encumbered with an irrevocable license agreement that requires the property owner to provide parking for five cars to serve an off-site development.

Approval of the attached Resolution of Intention to Surplus and Sell (Attachment #3) will declare the Board's intention to sell the vacant lots on Cornwall Street and will set the date of April 8, 2014 for a public auction, with written bids due by April 7, 2014 at 5:00 PM. The terms of the sale will be as follows:

- The minimum acceptable bid price will be \$250,000.
- A nonrefundable deposit of \$10,000 payable by cashier's check to the County of San Luis Obispo shall be required with the offer.
- The balance of the purchase price shall be payable in cash through escrow, and escrow shall close within 45 days following approval of the County Board of Supervisors.
- The property will be sold in as-is condition, with no repairs or reports provided by the County except a preliminary title report.
- No conditions of sale will be accepted, including financing conditions, except that the sale will be subject to the approval of the assignment of County's 1.29 water equivalent dwelling units by the Cambria CSD to the purchaser at the purchaser's sole cost.
- Upon successful close of escrow, a real estate sales commission of three (3) percent of the selling price, or an amount as otherwise determined by California Government Code Section 25531 and 25532, shall be payable from the proceeds of sale to a selling broker who is instrumental in obtaining the offer to purchase, provided that the broker is identified at the time of the bid.
- County and purchaser shall pay their own customary closing costs for San Luis Obispo County.
- Title to the property shall be transferred in the form of a grant deed.

The minimum bid has been proposed by staff based upon review of comparable sales data and an appraisal by an Member of the Appraisal Institute (MAI) certified appraiser. Written bids received before the deadline will be opened at the auction on April 8, 2014, followed by an opportunity for oral bidding. In the event that no written bids are received, no oral bidding will take place, and the auction will be rescheduled.

The property will be marketed by direct mail to real estate offices, and a commission will be paid to the broker as described above. A sign will be placed on the property, and ads and legal notices will be run in a local newspaper and on websites. Interested parties may contact Linda Van Fleet (lvanfleet@co.slo.ca.us) or Ingrid Warren (iwarren@co.slo.ca.us) by e-mail or call County Real Property Services at 805-781-5200.

OTHER AGENCY INVOLVEMENT/IMPACT

The Cambria Friends of the Library are financial and supportive partners of the endeavor to bring a new, larger library to the community of Cambria. The Cambria CSD has extended the Intent to Serve Letter for water service on APN 022-123-003, which has made the property more marketable. The County Environmental Coordinator has issued a Notice of Exemption stating that the sale of the property is categorically exempt from CEQA per Section 15312 (a)(b)(2). On October 24, 2013, the County Planning Commission filed the General Plan Conformity Report, finding that the sale of the property is in conformity with the County General Plan.

FINANCIAL CONSIDERATIONS

The value of the Cornwall properties has depreciated since they were acquired by the County in 2005. When the eventual sales price of the property is determined at the auction, it is likely that additional fundraising efforts will be required to make up any shortfall in achieving the financial goals as estimated in the 2001 Memorandum of Understanding between the County and the Cambria FOL. If the sales price of the property does not exceed the minimum bid, the accrued depreciation plus the costs to sell the property (sales costs are approximately \$16,000) will result in a loss of approximately \$284,000.

RESULTS

Approval of the attached Resolution will allow staff to begin marketing of the properties at 790 Cornwall Street for sale. The sale will allow the net proceeds to be contributed toward the new, larger Cambria Library at 1043 Main Street to better serve the community of Cambria. This action will help the County to achieve a Communitywide Result of a Livable Community by promoting lifelong learning through improvements to our Library locations and programs.

ATTACHMENTS

1. Location Map
2. Parcel Map
3. Resolution of Intention to Surplus and Sell