

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

<p>(1) DEPARTMENT Central Services</p>	<p>(2) MEETING DATE 1/26/2016</p>	<p>(3) CONTACT/PHONE Marvin A. Rose, Interim Central Services Director Shauna Dragomir, County Real Property Manager (805) 781-5206</p>	
<p>(4) SUBJECT Submittal of a resolution authorizing: 1) the surplus and sale of County-owned real property at 900 Main Street in Cambria by public auction; and 2) a budget adjustment to repay the Cambria Friends of the Library and reduce an outstanding loan to the County's Building Replacement Fund, by the amount of the net proceeds of sale less costs of sale. District 2.</p>			
<p>(5) RECOMMENDED ACTION It is recommended that the Board:</p> <ol style="list-style-type: none"> 1. Hold a public auction for the County's former Cambria library property at 900 Main Street. 2. Adopt the Resolution to Surplus and Sell County-Owned Real Property located at 900 Main Street in the Unincorporated Area of Cambria. 3. Approve a Grant Deed transferring title of the property to the highest bidder. 4. Approve an Agreement and Grant of Easement granting an easement on a neighboring parcel also owned by the County, to facilitate the sale of the Main Street Property. 5. Authorize the County Real Property Manager to sign all other related documents to close the escrow. 6. Authorize a budget adjustment, to be completed by the Auditor's office, after net proceeds of the sale have been determined, to repay the Cambria Friends of the Library and reduce an outstanding loan to the County's Building Replacement Fund, by the amount of the net proceeds of sale, less costs of sale, by 4/5 vote. 			
<p>(6) FUNDING SOURCE(S) Net proceeds of sale.</p>	<p>(7) CURRENT YEAR FINANCIAL IMPACT Net proceeds of sale, with Minimum Bid of \$497,500.</p>	<p>(8) ANNUAL FINANCIAL IMPACT \$0.00</p>	<p>(9) BUDGETED? No</p>
<p>(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>15 mins.</u>)</p>			
<p>(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A</p>			
<p>(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A</p>		<p>(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1415103 <input checked="" type="checkbox"/> 4/5 Vote Required <input type="checkbox"/> N/A</p>	
<p>(14) LOCATION MAP Attached</p>	<p>(15) BUSINESS IMPACT STATEMENT? No</p>	<p>(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>9/1/2009, 12/13/2011, 5/6/2014, 1/13/2015, 4/21/2015, 10/20/2015</u></p>	
<p>(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim</p>			
<p>(18) SUPERVISOR DISTRICT(S) District 2.</p>			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Central Services / Marvin A. Rose, Interim Central Services Director
Shauna Dragomir, County Real Property Manager
(805) 781-5206

DATE: 1/26/2016

SUBJECT: Submittal of a resolution authorizing: 1) the surplus and sale of County-owned real property at 900 Main Street in Cambria by public auction; and 2) a budget adjustment to repay the Cambria Friends of the Library and reduce an outstanding loan to the County's Building Replacement Fund, by the amount of the net proceeds of sale less costs of sale.

RECOMMENDATION

It is recommended that the Board:

1. Hold a public auction for the County's former Cambria library property at 900 Main Street.
2. Adopt the Resolution to Surplus and Sell County-Owned Real Property located at 900 Main Street in the Unincorporated Area of Cambria.
3. Approve a Grant Deed transferring title of the property to the highest bidder.
4. Approve an Agreement and Grant of Easement granting an easement on a neighboring parcel also owned by the County, to facilitate the sale of the Main Street Property.
5. Authorize the County Real Property Manager to sign all other related documents to close the escrow.
6. Authorize a budget adjustment, to be completed by the Auditor's office, after net proceeds of the sale have been determined, to repay the Cambria Friends of the Library and reduce an outstanding loan to the County's Building Replacement Fund, by the amount of the net proceeds of sale, less costs of sale, by 4/5 vote.

DISCUSSION

On July 1, 1978, the County purchased a 9,888 square foot lot at 900 Main Street in Cambria (APN 022-251-019) ("Main Street Property") for the purpose of constructing a library building. A single-story, 2,331 square foot building was constructed on the Main Street Property in or around 1980 and served the community of Cambria as a library until November 2013. See Attachment 1 for a location map and Attachment 2 for an assessor's parcel map.

The Main Street Property outgrew its space requirements over the past decade, and Library staff worked with the Friends of the Cambria Library ("Friends") 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 Friends, vacant lots at 790 Cornwall Street near the intersection of Hillcrest Drive (APNs 022-123-003 and 022-123-022, "Cornwall Street Properties") were purchased by the County (with contribution by the Cambria FOL) on February 17, 2005 at a price of \$518,000 with the intention to build a new library on the property.

In 2009, the Friends identified another property at 1043 Main Street in Cambria which had a building under construction as an option for the new library. It was considered to be a better location for the new library and could be completed at a lower cost. As agreed with the Friends, the property at 1043 Main Street was purchased by the County on November 3, 2009 with the intention to complete the construction of the building to serve as a new library. The new Cambria Library was opened for operation on December 26, 2013.

On September 1, 2009, the County signed a Memorandum of Understanding (MOU) with the Friends that estimated the cost to finish the new Cambria library improvements and determined the amount of funds necessary to be raised by the Friends. On December 13, 2011, the MOU was replaced with a new MOU which revised, among other things, the timeline for fundraising by the Friends. The County and the Friends are each credited 50% of the net proceeds of the sale of the Main Street Property less the costs of sale as defined in the MOU toward the fundraising goal for the new library. On November 4, 2014 the County signed a Second Memorandum of Understanding with the Friends to document their respective final responsibilities. The Second MOU was necessitated by the unknown timing of sale and unknown sales prices of the Main Street Property and Cornwall Street Property at 790 Cornwall Street, Cambria (APNs 022-123-003 and 022-123-022). The terms of the Second MOU acknowledge the receipt of the Cambria Friends' financial contribution, the proposed process for selling the Main Street Property and Cornwall Street Property, and the distribution of net proceeds after the sale of the above-mentioned properties.

A General Plan Amendment and rezoning from Public Facilities to Commercial Retail was completed for the Main Street Property and was approved by the California Coastal Commission on December 11, 2014. Both the Main Street Property and the Cornwall Street Property were offered to the Cambria Community Services District (CCSD) and to government agencies as required by California law, but no agencies expressed an interest in purchasing either property.

Included with the sale of the Main Street Property is 0.58 Equivalent Dwelling Units (EDUs) of connected commercial water. The purchaser, upon close of escrow, will be required to contact the CCSD to transfer the water service into the purchaser's name.

The CCSD has pre-determined the amount of EDUs required for property uses within Cambria, and the 0.58 EDUs of water at the Main Street Property is somewhat limiting when taking into account the size of the building and its prime retail frontage on Main Street. The Main Street Property has been marketed in conjunction with the Cornwall Properties in an attempt to appeal to a potential purchaser who may be interested in uses for the Main Street Property that would require a water allocation greater than 0.58 EDUs, thus heightening the interest in also acquiring the Cornwall Properties. The Cornwall Street Property (minimum bid of \$157,500) includes an Intent-to-Serve letter for 1.29 EDUs of commercial water, some or all of which could be transferred to the Main Street Property upon approval of an application to the CCSD. Transfer of any portion of the water allocation at the Cornwall Street Property to the Main Street Property would not be considered for approval by the CCSD until the State 3 Water Emergency in Cambria is lifted.

On January 13, 2015, the Board approved Resolution #2015-9 and a prior auction of the Main Street Property was held on April 21, 2015, but no bids were received. On April 21, 2015, the Board directed County Real Property Management staff to: 1) perform further analysis with CCSD and County Library Department on structuring a water transfer from the Cornwall Street Property to the Main Street Property; 2) complete said water transfer if staff determined it will increase the overall marketability of the Cornwall Street and Main Street properties; and 3) return to the Board at a later date with new Resolutions of Intention to Surplus and Sell and to reschedule the auctions of both properties.

After significant discussion with CCSD and further analysis and evaluation with the County Library Director, staff has determined that a transfer of water EDUs from the Cornwall Street Property to the Main Street Property would not increase marketability of either property to justify the transfer of the Intent to Serve Letter. A water transfer would significantly decrease marketability of the Cornwall Street Property. Without adequate commercial water EDUs for a commercial development, the Cornwall Street Property's marketability would diminish to reflect that of undevelopable vacant land. The significant decreased marketability of the Cornwall Street Property would not be offset by an increase in marketability at the Main Street Property, as a purchaser would not be allowed by CCSD to connect to the transferred water EDUs nor obtain building permits for the additional water EDUs during Cambria's Stage 3 water crisis currently in place in Cambria.

On October 20, 2015, the Board approved Resolution #2015-269 (Attachment 3) declaring the Main Street Property to be surplus and not necessary for County use, reducing the acceptable minimum bid price to \$497,500, authorizing payment of a real estate commission, and setting the date of January 19, 2016 for the public auction of the Main Street Property, with sealed written bids on the County's bid form (Attachment 4) by 5:00 PM on January 18, 2016. The Board did not meet on January 19, 2016 and, accordingly, proposals will be received and considered at the Board's January 26, 2016 regular meeting, with all sealed written bids due by 5:00 PM on January 25, 2016, not January 18, 2016. All other terms and conditions of the October 20, 2015 Resolution remains unchanged, and the legal notices of the auction have been published.

Approval of the Resolution to Surplus and Sell (Attachment 5) will authorize the auction and sale of the Main Street Property on January 26, 2016 under the following terms and conditions:

- The minimum acceptable bid price will be \$497,500.
- 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.
- Upon successful close of escrow, a real estate commission of three percent (3%) of the selling price, or an amount otherwise determined by California Business & Professions Code Section 10131, and 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 closing costs, customary for San Luis Obispo County.
- Title to the property shall be transferred in the form of a grant deed (Attachment 6). The escrow and title company shall be selected by the County.
- Included with the property will be an easement of five (5.00) feet in width over the adjacent parcel also owned by the County (APN: 022-251-020), along the southeasterly property line of the Main Street Property, to accommodate the encroachment of the southeasterly building eave and to provide surface access to the property. This easement will be granted in the form of an Agreement and Grant of Easement (Attachment 7), and will be extinguished upon removal of the encroachment.

The minimum bid was proposed by staff based upon review of comparable sales data and an appraisal by a Member of the Appraisal Institute (MAI) certified appraiser. Sealed, written bids received before the deadline will be opened at the auction on January 26, 2016 by the Chairperson of the County Board of Supervisors, followed by an opportunity for oral bidding. In the event that no sealed, written bids are received, no oral bidding will take place, and the auction will be rescheduled.

The auction of the Main Street Property will be immediately followed by an auction January 26, 2016 of the vacant County-owned Cornwall Street Properties.

The Main Street Property has been marketed to real estate offices, and a commission will be paid to the selling broker as described above. A sign was placed on the property, and advertisements were placed in the Tribune, on Craigslist, and on the County's media sites. Legal notices have been placed in a local newspaper. Property tours were held at the property for potential purchasers and cooperating real estate agents on November 16, 2016 and December 14, 2015. Interested parties were also able to obtain a property brochure, bid form, preliminary title report, and copy of the Agreement and Grant of Easement by contacting Shauna Dragomir, County Real Property Manager at sdragomir@co.slo.ca.us or by calling County Real Property Management at (805) 781-5206.

OTHER AGENCY INVOLVEMENT/IMPACT

County Library and the Cambria Friends of the Library were financial and supportive partners of the endeavor to bring a new, larger library to the community of Cambria. On October 24, 2013, the County Department of Planning and Building filed a Notice of Determination that the County's disposition of the Main Street property is in conformance with the County's General Plan. The County Environmental Coordinator has Issued two Notices of Exemption stating that the sale of the property and granting of an easement on the adjacent County-owned property are categorically exempt from CEQA per Section 15312(a)(b)(2).

On May 6, 2014, the County Board of Supervisors approved the processing of a Land Use Element / Local Coastal Plan Amendment LRP2013-0015, to change the land use category of the Main Street Property from Public Facilities to Commercial Retail. On August 28, 2014, the County Planning Commission approved the same, and the California Coastal Commission approved Local Coastal Plan Amendment LCP-3-SLO-14-0839-3 on December 11, 2014. County Counsel has reviewed and approved the Resolution, Bid Form, Agreement and Grant of Easement, and Grant Deed for form and legal effect.

FINANCIAL CONSIDERATIONS

On October 27, 2009, the Board approved the purchase of the new library building at 1043 Main Street, Cambria. As part of that purchase, a loan was made from the County's Building Replacement Fund in the amount of \$1,698,552 to the project in order to purchase the building.

When the eventual sales price of the Main Street Property is determined at the auction on April 21, 2015, the amounts due to the new library project, including the outstanding loan to the County's Building Replacement General Fund, and amounts refundable to the Cambria FOL, will be paid. The Resolution to Surplus and Sell authorizes the Auditor – Controller – Treasurer – Tax Collector's Office to complete the budget adjustment when the amount of the net proceeds of sale less costs of sale is determined.

RESULTS

Approval of the Resolution to Surplus and Sell will allow the Board to hold a public auction of the County-owned property at 900 Main Street, Cambria. 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. Assessor's Parcel Map
3. Second Amended Resolution of Intention to Surplus and Sell
4. Bid Form
5. Resolution to Surplus and Sell
6. Grant Deed
7. Agreement and Grant of Easement