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January 19, 2010

Board of Supervisors
County of El Dorado
330 Fair Lane
Placerville, CA 95667

**Re: Purchase of Approximately 20.11 Acres of Land Commonly Known as
3615 Palmer Drive and 4021-41 Loma Drive, Cameron Park, CA,
Assessor's Parcels Nos. 070-261-77, 070-261-79, 070-261-80, and 070-
261-81 (Carriage Hills Property)**

Honorable Supervisors:

Recommendation:

Staff recommends that that the Board: (1) find that the purchase of the subject property is categorically exempt from CEQA as a Class 25 Exemption and direct that a Notice of Exemption be filed; (2) find that the purchase of the subject property is consistent with the General Plan; (3) approve the Purchase Agreement for the property at a purchase price of \$675,000.00 and authorize the Chair to execute the Purchase Agreement or other authorizing documents; (4) authorize the Chair to execute an Acceptance of Deed for the property; (5) authorize County Counsel to execute escrow instructions and other documents necessary to complete the transaction, consistent with the Purchase Agreement; and, (6) authorize the Chair to sign the attached budget transfer increasing appropriations.

Reasons for Recommendation:

Staff is recommending that the Board of Supervisors approve the purchase of what has come to be known as the Carriage Hills property for a purchase price of \$675,000.00. Attached is a Purchase Agreement for the subject property executed by staff, but subject

to approval of the Board of Supervisors. Notice of the Board's intention to consider the purchase of the Carriage Hills property has been published in the Mountain Democrat once a week for three weeks as required by California Government Code Section 25350.

The subject property is an approximately 20 acre parcel located on the north side of Highway 50 between Ponderosa Road and Cameron Park Drive. The subject site is currently designated multi family and zoned RE-5. Staff has done due diligence on the property, including a site visit, review of the preliminary title report, review of the Mandatory Residential Disclosure Report and preparation of a Phase I environmental study. The site visit revealed no unusual conditions of the property which were problematic. We did observe some dumping of household trash in several locations on the property. There is a 13'x60' manufactured home on a foundation on one of the parcels which appears to be in fair condition.

As far as title to the property is concerned, the property is encumbered with easements for roadway and public utilities purposes along Loma Drive and along the southern boundary of the property for an extension of Palmer Drive. The property is also taken subject to a road maintenance agreement for Loma Drive under which there may be incurred some future liability for maintenance costs of that street. The current assessment under the road maintenance agreement is \$150 per parcel per year, for a total of \$600 per year.

A Phase I Environmental Site Assessment of the property was prepared by Taber Consultants. It concludes that "[b]ased on the Site visit, discussions with knowledgeable parties, and a review of available information, Taber identified no recognized environmental condition (REC) regarding historical land use. . . . Taber did not identify any environmental concerns likely to impact the Site. No further environmental investigation is warranted." In other words, it gave the site a clean bill of health.

Staff is satisfied with the condition of the property and has cleared all contingencies, except that of Board approval of the Purchase Agreement. Board approval of the Purchase Agreement is the last step necessary to close escrow, and will ratify the actions of staff to date. The date for close of escrow is no later than February 11, 2010. On January 14, 2010, the Planning Commission issued a report, pursuant to California Government Code Section 65402, finding that the proposed purchase is consistent with the General Plan.

The property is located in Mitigation Area 1 on the rare plant preserve maps; and is located adjacent to the existing Cameron Park rare plant preserve. The property has been the subject of several plant surveys showing that five of the eight pine hill endemics are present on the site and a sixth sensitive plant was determined to have a high potential to occur on site. (Michael Brandman Associates, *Biological Resources Assessment 20-Acre Carriage Hills Project*, June 7, 2007) The U.S. Fish and Wildlife Service (FWS) and the California Department of Fish and Game (DFG) have both indicated that properties in this general vicinity are particularly important for the ongoing success of several of the gabbro soil plants. In May, 2008, FWS sent a letter to the American River Conservancy indicating that this site was one of two identified as "the Service's highest priority level" for protection of

the gabbro soil plants. FWS identified six reasons for this priority: 1) willing sellers; 2) 5 of 8 species occurring on site; 3) sizes and densities of plant populations; 4) under-represented populations of bedstraw and morning glory in the existing preserves; 5) location in proximity to Cameron Park preserve; and 6) improvement of management options.

It is important to note that the property is not being bought for immediate inclusion in the Cameron Park preserve, nor for immediate dedication as rare plant habitat. Rare plant mitigation funds are not proposed to be used for the purchase. The purchase is being funded out of the Road Fund, with public utilities franchise revenues, a source of general revenues that is not dedicated to any specific purpose. Use of these funds will not impact any DOT service levels.

The property is being purchased to preserve it for *potential* use as mitigation for a number of DOT projects that could possibly affect gabbro soils rare plants. They include, but are not limited to, the Ponderosa 50 Interchange project with its associated relocation of Durock Road and North Shingle Road, the widening and realignment of Green Valley Road in the Cameron Park/Rescue area, the Cameron Park Interchange project depending on its ultimate configuration, the potential Wild Chaparral/Palmer Drive connection, and a number of other smaller projects. Only when the necessity mitigation for any or all of the projects is determined, will all or a portion of the property be dedicated to rare plant preservation. In the meantime, the property will be preserved in its natural state to prevent loss of rare plants on-site and will remain under the control and management of DOT. If it is ultimately determined that the property is not needed as mitigation for some or all DOT projects, either because there is alternate mitigation available, mitigation is not needed, or because it is determined that it is not feasible to carry out the projects, it may be sold as surplus, transferred to the rare plant preserve system (with reimbursement of DOT funds with rare plant mitigation moneys), or the property could be put to other use with appropriate CEQA review.

It is also important to note that none of these specific DOT projects is being approved by this action. None of the Carriage Hills property is being approved for any use other than preservation for potential mitigation of impacts of any or all of the DOT projects. Because the current use of the property is merely for preservation of the property as potential mitigation, meaning that the property will be preserved in its current state, it is appropriate to use a Class 25 categorical exemption under CEQA for this purchase.

“Class 25 consists of the transfers of ownership of interests in land in order to preserve open space, habitat, or historical resources. Examples include but are not limited to:

- (a) Acquisition, sale, or other transfer of areas to preserve the existing natural conditions, including plant or animal habitats.

...”

This categorical exemption clearly fits this purchase. Any proposed use of the property, or any portion of it, for any use other than habitat preservation, would require full CEQA review and consultation with the Department of Fish and Game.

The purchase price of \$675,000.00 is a fair price for the property. Although we have not done a current appraisal of the property,¹ the Assessor's office has done an estimate of value which supports the \$675,000.00 purchase price. A copy is attached. It is also supported by the history of the property. The last property owner prior to First Citizens Bank bought the property in November, 2005, for \$2,600,000.00, at the height of the real estate market. The proposed purchase price of \$675,000.00 represents a discount of about 74% from that prior purchase price. The American River Conservancy obtained an option to buy the property in the summer of 2008, and proposed funding by the County. However, although supported by an appraisal ARC had commissioned, the asking price of \$3,200,000.00 was deemed excessive by the Board.

In January, 2009, the County learned that the property had been foreclosed upon by Temecula Valley Bank (now First Citizens Bank) and approached the bank about a sale of the property. The County offered \$750,000 for the property, but made the offer contingent upon a lengthy escrow to allow certain contingencies to be satisfied. The bank rejected that offer and instead accepted an offer from American River Conservancy of \$1,230,000.00 which was supported by a March 2, 2009, appraisal of \$1,310,000.00. (The ARC offer was made independent of the County and without the County's knowledge.) ARC again sought funding from the County which was refused again because it was thought that the purchase price was excessive and because of other objectionable terms in the sale contract. ARC was unable to consummate the transaction. The current purchase price of \$675,000.00 represents a discount of almost 50% of ARC's appraised value.

A short while ago, the County learned that the bank had listed the property for \$900,000.00. We again approached the bank, this time with an offer of \$600,000.00, without a lengthy contingency, which had proven unacceptable to the bank. The bank countered at \$675,000.00, which was accepted by the County, subject to Board approval in open session. The bank insisted on a short escrow period. Thus, the purchase price is far below the value for which the land was bought in 2005, below the appraised value established by ARC in March of 2009, and substantially below even the asking price of the bank. It is supported by an estimate of value by the Assessor. This lowered price is a result in the precipitous drop in the real estate market, along with recognition of the difficulty in developing the property as a result of the presence of rare plants on-site, the cost of providing access, and other factors. Therefore, staff is confident that the purchase price is fair from the County's perspective.

¹ Because there are no federal or state moneys being used for the acquisition, and because eminent domain is not being used, an appraisal is not legally required.

Fiscal Impact:

The net cost to the County is \$675,000.00, plus some small amount for closing costs. There may be a small ongoing cost for maintenance of the property and for funding the Loma Drive maintenance agreement.

Actions to Be Taken After Board Action:

The necessary documents will be signed and necessary steps will be taken to close escrow, including disbursement of the purchase price and additional closing costs.

We would be pleased to answer any questions the Board might have.

Respectfully submitted,



Louis B. Green
County Counsel

LBG/stl

Att.

cc: Chief Administrative Officer
Dir. of Transportation
Dir. of Dev. Services
County Auditor
Pete Feild
Peter Maurer
Paula Frantz

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