



Legislation Text

File #: 23-0516, **Version:** 1

Chief Administrative Office, Facilities Division, recommending the Board:

- 1) Direct and authorize staff to determine that the contingencies are satisfied and authorize the close of escrow, on or before May 26, 2023 with the owners Carlton Commercial Properties LLC concerning the acquisition of property identified as Assessor's Parcel 070-270-031 (commonly known as 3883 Ponderosa Road in Shingle Springs);
- 2) Authorize the Chair to sign the Certificate of Acceptance for the property; and
- 3) Authorize the Chair to sign the Assignment of Lease and Amendment III to the Commercial Lease Agreement (Fenix 7564) between County and Carlton Commercial Properties LLC transferring to the County the existing commercial lease between seller and the existing tenant GHD, Inc.

FUNDING: Capital Reserve.

DISCUSSION / BACKGROUND

On September 20, 2022, the Board decided to utilize the dormant juvenile hall located at 299 Fair Lane as a temporary Navigation Center until a permanent one can be constructed. Once the permanent Navigation Center is completed the 299 Fair Lane facility is anticipated to be renovated into the Psychiatric Health Facility (PHF) currently located at 935 Spring Street. These factors require the County to work with the Superior Court to relocate the juvenile court to Building C in the space currently occupied by the Registrar of Voters. The Division was instructed to negotiate the purchase of 3883 Ponderosa Road to house the Registrar of Voters for election operations.

A third party, GHD Inc., holds a lease for a portion of the building space until March 31, 2024, with the tenant having the right and option to extend the lease term for an additional three (3) years. The lease would provide the County approximately \$52K in additional annual revenue (the initial lease amount was indicated at approximately \$63K but the County negotiated a reduced leasable square footage figure to allow extra space for Elections). There are no negative impacts to the County's use of this site with the third-party lease currently in place. As part of the escrow transaction, the seller will assign its lease agreement with GHD, Inc. to the County. Concurrent with the lease assignment, the lease will be amended to update and identify the lessor as the County and reduce the size of the rentable area.

On January 24, 2023, the Board authorized the Chair to sign the Purchase and Sale Agreement (PSA) No. 7029 providing for a purchase price of \$5,392,500, an escrow deposit of \$100,000 and a term of 60 days to close.

On January 24, 2023, the Board found that the property is categorically exempt from review pursuant to CEQA Guideline 15301(a) which exempts project activities that involve negligible or no expansion of use beyond that existing at the time.

On March 9, 2023, the County Planning Commission determined the proposed acquisition of the property is in conformity with the General Plan (GOV23-0003 3883 Ponderosa Road Property Acquisition).

The County has completed the due diligence of the two buildings. During the contingency period, staff performed a site investigation, Americans with Disabilities (ADA) inspection, Phase 1 Environmental Site Assessment study along with hazardous materials testing, pest inspection, structural integrity inspection, mechanical and electrical systems assessment, and roofing inspections.

Facilities is estimating moderate tenant improvements as the site already contains the County's Child Support Services Department. The location also will improve the operations of the Registrar of Voters as they'll have more space.

ALTERNATIVES

The Board could choose to leave existing County operations in their existing facilities or direct staff to explore other facility purchase/lease options.

PRIOR BOARD ACTION

Legistar 22-1693 - September 20, 2022: Direct staff to implement a temporary Navigation Center at 299 Fair Lane as quickly as possible after December 15, 2022.

Legistar 22-1674 - September 20, 2022: Recommendation to enter into negotiations with Carlton Commercial Properties LLC for the purchase of 3883 Ponderosa Road.

Legistar 22-1819 - January 24, 2023: Approve and authorize the Chair to sign the Purchase and Sale Agreement and Joint Escrow Instructions, authorize an escrow deposit of \$100,000; authorize the Facilities Division Manager to sign any subsequent escrow and related documents; and find that the property is categorically exempt from review pursuant to California Environmental Quality Act (CEQA) Guideline Section 15301(a).

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel
Procurement & Contracts

CAO RECOMMENDATION / COMMENTS

Approve as recommended.

FINANCIAL IMPACT

The initial purchase, tenant improvement and move costs will be funded from the Capital Designation fund. Currently the Capital Designation has funds totaling approximately \$29,600,000. If this item is approved, the fund will have a remaining balance of approximately \$23,600,000.

The County will be collecting rent from Child Support Services totaling approximately \$221,000 annually, as well as the rent from the third party totaling approximately \$52,000 annually, for a total recovery of approximately \$273,000 annually. Revenue collected for rent will be deposited back into the Capital Designation fund.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Return one (1) copy of the lease documents and Certificate of Acceptance to the Division for processing.

STRATEGIC PLAN COMPONENT

Infrastructure - Analyze need, coordinate, and plan for County facilities, parks, and trails including ongoing maintenance, operations, and replacement.

Good Governance - Approach large, complex and/or system-wide matters as one organization - Departments will collaborate on projects and efforts that have cross-departmental impacts.

CONTACT

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