



## Legislation Text

File #: 22-1684, Version: 1

Chief Administrative Office, Facilities Division, recommending the Board consider the following:

- 1) Approve and authorize the Chair to sign the Purchase and Sale Agreement and Joint Escrow Instructions 6940 with the owners Barton Health Care, a California Non-Profit Corporation, of Assessor's Parcel 032-191-002 and 032-191-020 (commonly known as 1111 and 1119 Emerald Bay Road, South Lake Tahoe) for \$7,500,000 and direct staff to continue its due diligence;
- 2) Authorize an escrow deposit of \$200,000;
- 3) Authorize the Facilities Division Manager to sign any subsequent escrow and related documents;
- 4) Authorize the Chair to sign the attached budget transfer increasing the use of El Dorado Center designation, Tobacco Settlement fund, Public Health Realignment Fund Balance, Capital Designation, and American Rescue Plan Act (ARPA) funds and increasing the Accumulative Capital Outlay budget by \$10 million for the addition of the new South Lake Tahoe El Dorado Center project; and
- 5) Find that the proposed property acquisition of 1111 and 1119 Emerald Bay Road in South Lake Tahoe is categorically exempt from review pursuant to California Environmental Quality Act (CEQA) Guideline Section 15301(a). (4/5 vote required)

**FUNDING:** 23% El Dorado Center Designation (\$2.3M), 44% Capital Projects Designation (\$4.4M), 8% Tobacco Settlement (\$800K), 17% ARPA (\$1.7M) and 8% Public Health Fund Realignment Balance (\$800K).

### **DISCUSSION / BACKGROUND**

The El Dorado Center in South Lake Tahoe has been deemed an end-of-life building. The Board directed the Chief Administrative Office, Facilities Division, to search for properties in South Lake Tahoe that could replace the El Dorado Center. Initial estimates to tear down and rebuild the El Dorado Center were approximately \$10 million. The rebuild of the El Dorado Center would have resulted in a building of approximately 8,500 square feet, would only have been able to house the programs in the existing El Dorado Center, and parking would have continued to be problematic.

Facilities has found that a much more cost-effective model is to find a building in good shape to purchase and perform tenant improvements to create the space necessary for public services. The properties on Emerald Bay Road were formally occupied by Barton Health. The property consists of four buildings, totaling approximately 17,473 square feet, with a large amount of parking available. The plan would be to relocate Health and Human Services Agency (HHSA) functions currently in the El Dorado Center to the new Barton location, as well as moving Public Health out of the Johnson Center to co-locate these Health Services into one location. In addition, the purchase of this property would allow the County to move the Department of Transportation and Planning and Building out of leased space on Emerald Bay Drive and move the Recorder-Clerk, Assessor, Child Support, and Facilities out of the El Dorado Center. There are opportunities with the remaining two buildings to create a conference center as well as space for the District 5 Supervisor.

On August 16, 2022, the Board authorized negotiations with Barton Health Care concerning Assessor's Parcel 032-191-002 and 032-191-020 (commonly known as 1111 and 1119 Emerald Bay

Road, South Lake Tahoe).

Purchase and Sale Agreement (PSA) No. 6940 provides for a purchase price of \$7,500,000, an escrow deposit of \$200,000 and term of 60 days to close. Should the Board choose to execute the PSA, the Division shall perform due diligence, including South Lake Tahoe City Planning Commission, and return to the Board for close of escrow and further direction.

Facilities is estimating approximately \$2.5 million for tenant improvements for the 4 buildings. The project will be phased with the initial focus on the 1111 Emerald Bay building for HHSA. The division estimates minimal tenant improvements on this building as the building was previously used by Barton Health and is already set up for health services. Once this building is ready for occupancy, HHSA will be moved out of the existing El Dorado Center and Public Health will be moved out of the Johnson Center to co-locate these services at the new Emerald Bay location. The next phase will include moving the remaining services out of the El Dorado Center. It has yet to be determined if these services will be moved to one of the new buildings at Emerald Bay or to the space at the Johnson Center previously occupied by Public Health. Facilities will be conducting a space needs analysis for the law and justice departments that are currently located in the Johnson Center to determine if there are any expansion needs as many of these departments have reached the maximum capacity of their space allocation in the Johnson Center. The final phase will involve the tenant improvements to the 1119 building to prepare this building for the Department of Transportation and Planning and Building to relocate to.

#### CEQA Analysis:

The property was most recently used as administrative offices and are currently vacant buildings. The proposed acquisition of the property for use as an office building by the County 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. A notice of exemption will be filed following Board approval.

#### ALTERNATIVES

The Board could decline the PSA and the County could look at demolishing the El Dorado Center and rebuilding at a much higher price per square foot. This building would not have enough square footage to move the Department of Transportation and Planning and Building out of leased space

#### PRIOR BOARD ACTION

08/16/2022 - Legistar 22-1470 Recommendation to Enter into Negotiations with Barton Health Care regarding APNs 032-191-002 and 032-191-020

10/12/2020 - Legistar 20-1137 HHSA and Facilities providing update on the El Dorado Center

#### OTHER DEPARTMENT / AGENCY INVOLVEMENT

NA

#### CAO RECOMMENDATION / COMMENTS

Approve as recommended.

#### FINANCIAL IMPACT

Funding for the purchase of the buildings is comprised of multiple sources including the Capital Projects Designation (\$4.4M); funds set aside specifically for the replacement of the El Dorado Center (\$2.3M); ARPA funds (\$1.7M), Health Tobacco Settlement funds (\$800K) and Public Health

Realignment Fund Balance (\$800K).

The Chief Administrative Office is recommending an increase of \$7M to the Capital Projects Designation with the FY 22-23 Adopted Budget recommended revisions that is being considered by the Board on the same day as this item. If this recommendation is approved, along with the reduction of \$4.4M for the Emerald Bay property acquisition, the Capital Projects Designation will have a balance remaining of approximately \$29.6M. The Health Tobacco Settlement funds will have a remaining balance of \$800K and the Public Health Realignment Fund Balance will have a remaining balance of approximately \$11.2M.

#### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

Return the executed PSA 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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