

**MEMORANDUM
DEPARTMENT OF FACILITY SERVICES
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **MARCH 27, 2012**

From:  **JAMES DURFEE/ MARK RIDEOUT** 

Subject: **SURPLUS PROPERTY TRANSFER – COLFAX COURTHOUSE**

ACTION REQUESTED / RECOMMENDATION: Pursuant to Government Code Section 25365, it is recommended that your Board take the following actions associated with the sale of the ±0.16 acre surplus County property located at 10 Culver Street in Colfax, APNs 006-066-001 and 006-066-020 (Property), to the City of Colfax:

- 1) Delegate authority to the Director of Facility Services, or his designee, to execute an Agreement for Purchase and Sale between the County of Placer and the City of Colfax, for the sale of the Property for \$1.00 based upon the attached Material Terms and as approved by County Counsel; and,
- 2) Adopt a Resolution authorizing the Director of Facility Services, or his designee, to execute all documents and take all actions necessary to complete the sale of the Property.

BACKGROUND: The County of Placer holds a fee simple interest in the property commonly referred to as the Colfax Courthouse, located at the southeasterly corner of Culver Street and W. Grass Valley Street in the City of Colfax (see Exhibit A - Property). This ±0.16 acre Property is comprised of a 2,730 sq.ft. courthouse building and a nine-space parking lot constructed in the 1960s. In 2008, in accordance with the Trial Court Facilities Act of 2002, the County's obligation to provide courtroom facilities in Colfax, DeWitt (PCGC), Foresthill, Lincoln and Roseville were relieved and these facilities were vacated upon completion of the Courthouse at the Bill Santucci Justice Center. To date, the Colfax Courthouse Property remains vacant with no slated future County use.

Recently, the City of Colfax (City) confirmed its interest to acquire the Property for a future community use. The City intends to convert the building into a City sponsored venue for education, health/social services, and recreational programs. In recognition that the Property will require substantial repairs and modifications to meet use and code requirements, the City indicates that it will apply for a Community Development Block Grant to finance the necessary work. The City is willing to receive the Property regardless of whether grant funds are received during this current grant funding cycle.

The City has offered to pay the County \$1.00 for this Property. The County believes the transfer of this Property to the City is beneficial by eliminating the County's ongoing maintenance obligations and future financial liability. This building's unoccupied status creates the potential for vandalism, unauthorized uses and occupancies, and unforeseen building damage as a result of building issues (e.g., leaks, systems failure, pest infestations, etc.) that if not discovered in a timely manner can result in significant and unplanned expense. This recently occurred when a portion of the roof failed causing water damage to the building's interior.

Currently the County incurs approximately \$6,000 in ongoing annual costs for preventative maintenance work and utility expenses. While no future use is envisioned, if the County were to occupy the Property, significant costs, upward of \$500,000, would need to be invested to upgrade the Property to reconfigure the interior spaces from its specialized use as a courthouse, to address accessibility (interior and exterior) and upgrade the 15-20 year old building systems to meet current code and/or energy efficiency standards.

If the Property were to be marketed today, the price would be reflective of the current real estate market declines for office/retail properties in the Colfax area. Reuse of the Property is constrained by the building's age and previous use (architectural style and outdated/non-standard interior finishes), the site topography and size (small parking lot with poor accessibility to the building) and the Property's location (removed from Colfax commercial core). These limitations make this Property extremely difficult to market/sell and could require the investment of County funds in order to make it more marketable.

The opportunity to transfer maintenance and management responsibilities for this Property to the City is a key consideration for the proposed transfer. By transferring the Property to the City, the County would lend support to the City's efforts to provide additional community resources to Colfax residents. It would also facilitate the re-use of this specialized Property into a valuable asset to the community. To relieve further obligations or liability associated with the Property, the City will be required to accept the Property "as is" with no warranties except for any underground waste oil, underground heating oil, or underground storage tanks that may have been placed on the Property during the term of ownership by the County. The ultimate purchase and sale agreement with the City will include a hold harmless language releasing the County from all damages, claims, liabilities and obligations, whether known or unknown, including the physical condition, title and environmental condition of the Property.

In order to transfer this Property to the City, your Board must delegate authority to the Director of Facility Services, or his designee, to execute the purchase and sale agreement as approved by County Counsel, and adopt the attached Resolution authorizing the Director to complete this transaction. Government Code 25365 allows your Board to deed the Property to the City so long as the property is no longer required for County use. This proposed sale has been publicly noticed pursuant to Government Code section 6061.

This item is being presented to the City Council on March 28, 2012 to meet the deadlines for approval for the Community Development Block Grant.

ENVIRONMENTAL CLEARANCE: This action is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15312 (Surplus Government Property Sales).

FISCAL IMPACT: While no funds will be paid to the County for this Property, this divestiture will eliminate potential future obligations associated with retaining this surplus property in the County's inventory.

JD:MR:LM:DB

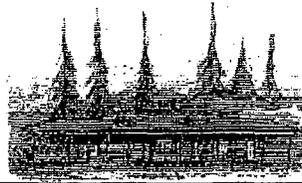
ATTACHMENTS: CITY OF COLFAX LETTER REGARDING TRANSFER OF COLFAX COURTHOUSE
MATERIAL TERMS AGREEMENT FOR PURCHASE AND SALE
RESOLUTION

cc: COUNTY EXECUTIVE OFFICE

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P.O. Box 702
33 S. Main Street
Colfax, CA 95713



530-346-2313
Fax 530-346-6214

CITY OF COLFAX

March 5, 2012

James Durfee, Director
County of Placer
Department of Facility Services
11476 C Avenue
Auburn, CA 95603

RE: Transfer of Colfax Courthouse to City of Colfax.

Dear Director Durfee,

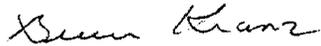
This letter is in response to the preliminary query from your department gauging the City of Colfax's interest in acquiring the Colfax Courthouse building and parking lot for community purposes (APNs are 006-066-001 and 006-066-020). Recently, I toured the building and site, and while the facility is in need of substantial repairs, I found that the facility has great potential to be utilized by city residents as a community building for years to come. It is proposed to use the building as a public venue for education, health/social services, and recreational purposes.

The City is in the process of applying to this year's Community Development Block Grant program for funds to complete the building's necessary repairs. Should we be successful in this grant application, it is anticipated that the building will be open to the public in the summer of 2013. In a public hearing required of the CDBG program held on February 22, 2012, the City Council was briefed on this opportunity for the City to acquire the Courthouse for public uses, and they support the transfer. It should be noted that the City would welcome the transfer of the facilities even if the CDBG grant application is not successful this funding year, as it is likely that the City will repeat its grant application in ensuing years for necessary construction funding.

As a result, let this letter serve as the official request of the City of Colfax to take possession of the Courthouse property and parking lot for \$1.00 in order to utilize it as a local community building. The City commits to retain the properties with the goal to open them up for public use for the foreseeable future. Other than this contingency, the City requests that there be no other encumbrance on the title transfer.

The City is most appreciative of this generous offer and is looking forward to returning this asset to public access. Please advise what "next steps" are required to complete the property transfers to the City. Should you have any questions, do not hesitate to contact me at (530) 346-2313.

Sincerely,



Bruce Kranz
City Manager

CC: Jennifer Montgomery, Placer County Supervisor, District 5

**MATERIAL TERMS
AGREEMENT FOR PURCHASE AND SALE
10 Culver Street, Colfax, CA**

1. Purchase Property. Approximately 0.16 acres improved with a 2,730 square foot building and 9-space parking lot located at 10 Culver Street, Colfax CA, referred to as APNs 006-066-001 and 006-066-020, as generally depicted on Exhibit A (PROPERTY).
2. Agreement. Agreement of Purchase and Sale (AGREEMENT) is made by and between the County of Placer (COUNTY) and the City of Colfax (CITY).
3. Purpose. The purpose of this AGREEMENT is to provide for the purchase and sale of the PROPERTY as conveyed through deed from COUNTY to CITY.
4. Purchase Price. As consideration for the PROPERTY, the CITY will pay COUNTY One and No/100 Dollars (\$1.00).
5. Conditions to Close. The Close of Escrow shall be conditioned on the deposit of the Purchase Price into Escrow by the CITY.
6. Escrow and Title. The purchase and sale of the PROPERTY shall be consummated by means of an escrow opened at an escrow and title company of CITY's choice.
7. Close of Escrow. Close of Escrow shall occur no later than ninety (90) days following the Parties' approval of the AGREEMENT.
8. Escrow Costs and Expenses. CITY shall pay all escrow and title costs associated with this transaction, including the premium for title insurance as determined by CITY. Such costs shall include recording fees, escrow fees, title insurance, transfer taxes, and all costs associated with clearing title.
9. Indemnification of County. Except as otherwise expressly stated herein, CITY agrees that it is purchasing the PROPERTY "as is" and "with all faults," with no warranties by COUNTY of any kind, express or implied, with respect to the PROPERTY or the condition thereof. By closing this transaction, The CITY hereby releases COUNTY and assumes all damages, claims, liabilities and obligations, whether known or unknown, arising from or related in any way to the PROPERTY or the condition thereof, including without limitation the physical condition of the PROPERTY, the presence and/or absence of Hazardous Materials in, on, under or affecting the PROPERTY except for the presence of underground waste oil, underground heating oil, or underground storage tanks that may have been placed on the PROPERTY during the term of the ownership by the COUNTY from April 14, 1967 to the effective date of this AGREEMENT; and, the compliance of the PROPERTY with laws, ordinances, rules or regulations relating to the condition thereof. The parties agree that each representation and warranty in this Section shall survive the Closing Date. For purposes hereof, "Hazardous Material" shall have the meaning ascribed to it below.

The term "Hazardous Material(s)" as used in this AGREEMENT means any substance which is: (1) defined as a hazardous substance, hazardous material, hazardous waste, pollutant or contaminant under any Environmental Law; (2) a petroleum hydrocarbon, including crude oil or any fraction thereof; (3) hazardous, toxic, corrosive, flammable, explosive, infectious, radioactive, carcinogenic, or reproductive toxicant; (4) regulated pursuant to any "Environmental Law(s)"; (5) any pesticide regulated under state or federal law; or (6) any tank or container which contains or previously contained any

Hazardous Material(s). The term "Environmental Law(s)" means each and every federal, state, and

local law, statute, ordinance, regulation, rule, judicial or administrative order or decree, permit, license, approval, authorization or similar requirement of each and every federal, state and local governmental agency or other governmental authority, pertaining to the protection of human health and safety or the environment, now and forever.

Closing will be conditioned upon the CITY waiving its rights under California Civil Code 1542.

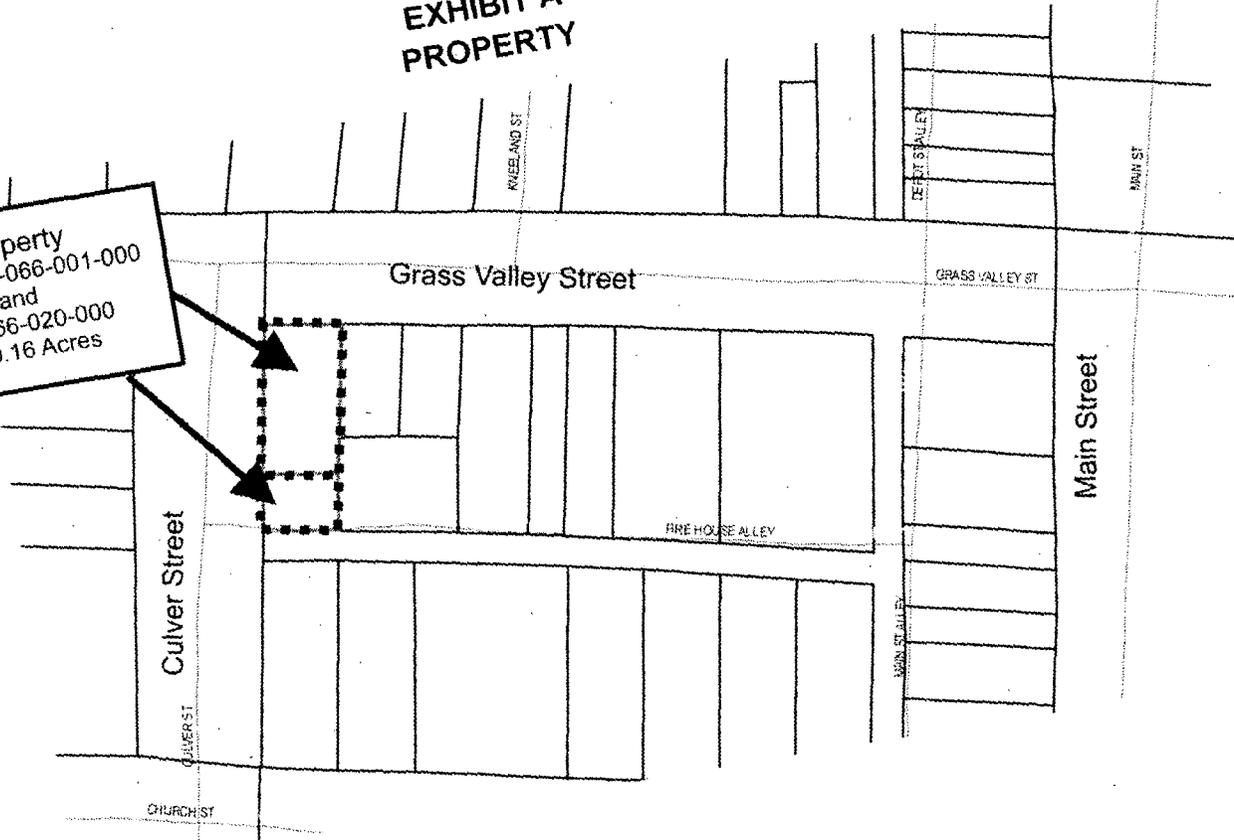
10. Conditions Subsequent. If COUNTY were to provide community services from the Property, CITY agrees that it shall not require the COUNTY to pay rent or other costs for said occupancy. This provision shall survive Close of Escrow.

Attachment: Exhibit A -Property

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**EXHIBIT A
PROPERTY**

Property
APN: 006-066-001-000
and
006-066-020-000
+/- 0.16 Acres



Before the Board of Supervisors County of Placer, State of California

**IN THE MATTER OF: A RESOLUTION DELEGATING
AUTHORITY TO THE DIRECTOR OF FACILITY SERVICES, OR
HIS DESIGNEE, TO EXECUTE ALL NECESSARY DOCUMENTS
AND TAKE ALL ACTIONS TO COMPLETE THE SALE
BETWEEN THE COUNTY OF PLACER AND THE CITY OF
COLFAX FOR THE PROPERTY LOCATED AT 10 CULVER
STREET IN COLFAX, CALIFORNIA.**

Resol. No: _____

The following RESOLUTION was duly passed by the Board of Supervisors of the County of Placer at
a regular meeting held _____, 2012 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest

Clerk of said Board

WHEREAS, the County of Placer ("County") is the owner of the improved ± 0.16 acre surplus real property improved with a 2,730 square foot building and 9-space parking lot located at 10 Culver Street, Colfax CA, referred to as APNs 006-066-001 and 006-066-020 ("Property"); and,

WHEREAS, The City of Colfax ("City") desires to re-use the Property as a community building for education, health/social services, and recreational purposes; and,

WHEREAS, The County has determined that the Purchase Property is no longer necessary for County purposes and is willing to sell said Property for One and No/100 Dollars (\$1.00), subject to Material Terms for an Agreement for Purchase and Sale (Purchase Agreement).

NOW THEREFORE, BE IT RESOLVED, that the Placer County Board of Supervisors does hereby authorize the Director of Facility Services, or his designee, as approved by County Counsel, to execute on behalf of the County the Purchase Agreement, and all other documentation, and to take all other actions necessary to complete the sale of the Property; and does hereby consent to the recordation of the deeds for said Property.