

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

TO: Honorable Board of Supervisors

DATE: March 11, 2014

FROM: *MD* Mary Dietrich, Facility Services Director
By: Laurie Morse, Property Manager

SUBJECT: Surplus Property Sale – Former Roseville Courthouse

ACTION REQUESTED / RECOMMENDATION:

1. Approve the surplus property sale of the former Roseville Courthouse located at 505 Royer Street, Roseville, CA, APNs 013-172-011, 013-172-012, and 013-172-022 to the City of Roseville; and,
2. Adopt the attached Resolution delegating authority to the Director of Facility Services, or designee, to execute the Agreement for Purchase and Sale for the Roseville Courthouse, and to execute all documents and take all actions necessary to complete the sale for \$540,000 based on the attached Material Terms.

BACKGROUND: In 1968, the City of Roseville (City) and the County of Placer (County) formed the Placer County-Roseville Civic Center Improvement Authority for the purpose of financing and constructing civic buildings in Roseville. The Authority constructed the Public Safety Building at 401 Oak Street and the Roseville Courthouse Building at 505 Royer Street in 1969 (Property), as shown in Exhibit A. Once the final bond payment was made, in 2001, the Authority dissolved and the City quit-claimed the Property to the County.

In 2009, after the construction of the Bill Santucci Justice Center (Center), all court functions performed out of the Property moved to the Center. Since then, the Property has been vacant and there are no plans for future County use. Recently, the City approached staff to lease the Property to facilitate a high-tech business incubator program. Recognizing the County's long-term maintenance and lease management obligations associated with this request and the City's ultimate goal to revitalize this area, County staff indicated a preference to sell the Property at fair market value to the City. The City subsequently expressed interest in buying the Property.

In March 2013, Property Management engaged Bender Rosenthal, Inc. who established \$540,000 as the Property's current fair market value. This valuation reflects current real estate market declines. The Property's age and previous use (architectural style, outdated/non-standard finishes, specialty features) further reduce its marketability particularly in the current commercial real estate climate where a large supply of more modern buildings with improved functionality and efficiency are in greater supply. While the City expressed interest and submitted an offer to purchase the Property at the appraised value, staff deferred recommending the sale of the Property to provide additional time to determine the feasibility of future occupancy by County departments. This evaluation determined that there is no other County use for this building. Given the passage of time, staff obtained an updated appraisal which confirmed that the market value has not changed.

The City has confirmed its interest to purchase the Property for \$540,000 and agreed to reimburse the County for its costs to update the appraisal (see Exhibit B). This sale supports the City and County's shared economic development goals and facilitates the Property's re-use. Notwithstanding the sale proceeds received, the County will realize operating and maintenance

savings by disposing of this surplus property. Per the attached Material Terms (see Exhibit C), the City has agreed to accept the Property in its "as is" condition without warranty from the County and to release the County from all damages, claims, liabilities and obligations, whether known or unknown, including the physical condition, title and environmental condition of the Property.

To complete this transaction, your Board must adopt the attached Resolution authorizing the Director of Facility Services, or designee, to execute the Agreement for Purchase and Sale based upon the attached Material Terms subject to County Counsel approval, and to perform all actions necessary to complete this transaction. This transfer is allowed pursuant to Government Code Section 25365 which allows the sale of real property to a federal, state, or any public entity within the County if the property being transferred is considered surplus and no longer required for County use. This action has been publicly noticed pursuant to Government Code Section 6061.

On July 17, 2013, the City of Roseville's Council unanimously approved the purchase of the Property from the County. However, given the passage of time since that original action, City staff has advised that they need to re-present the County's confirmation of its intent to sell and the terms to the City Council at a meeting following your Board's approval of this item. County staff does not anticipate the City Council changing its decision to approve this purchase.

ENVIRONMENTAL CLEARANCE: Staff has determined the exchange of the properties is categorically exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15312, surplus property sale.

FISCAL IMPACT: After deducting staff, appraisal, and legal costs for this transaction from the purchase price, the County will net approximately \$520,000 from this surplus property sale. These funds will provide additional revenues to the County General Fund and the divestiture of this asset will eliminate potential future obligations associated with retaining this surplus property in the County's inventory.

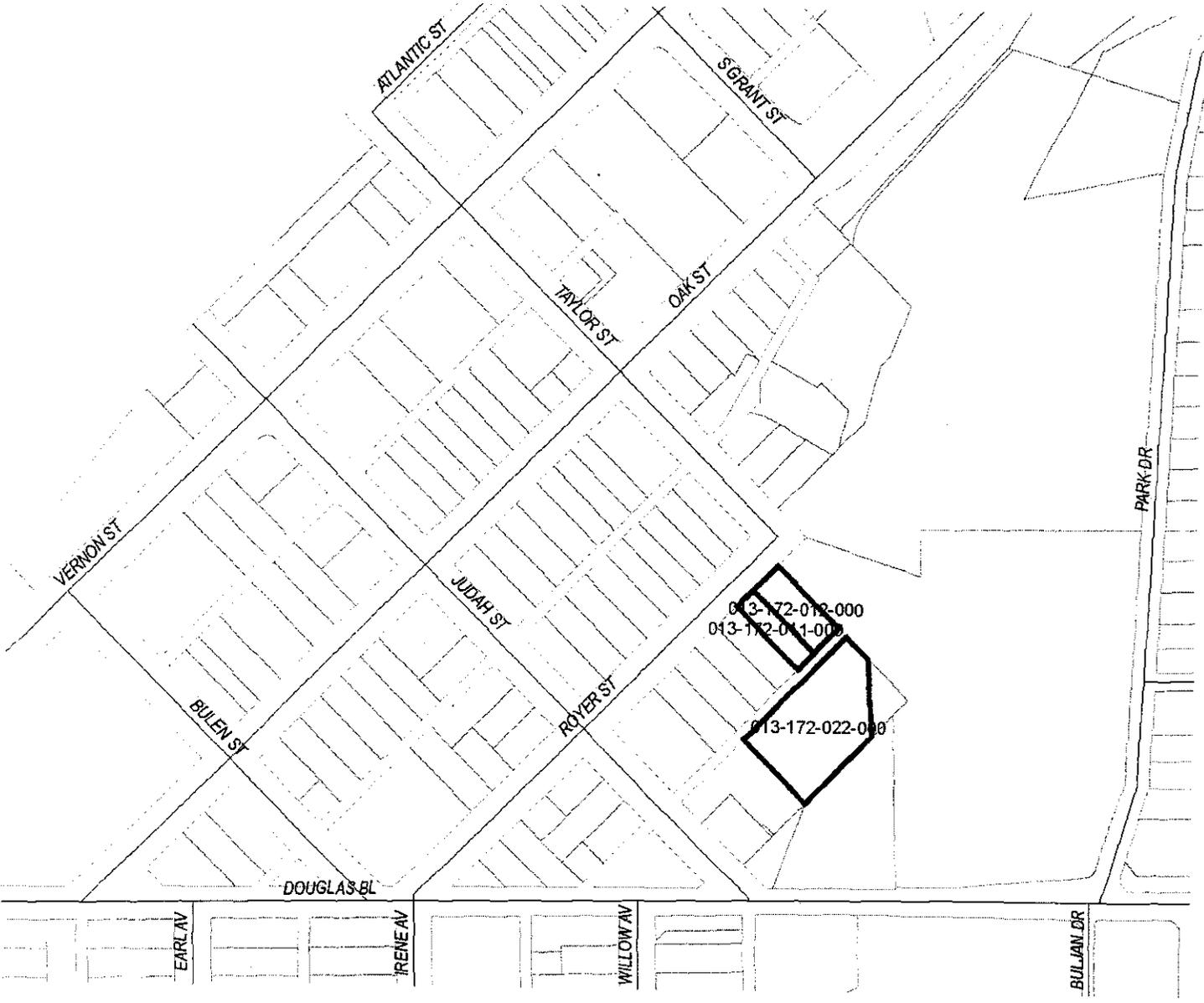
MD:MR:LM:KT

ATTACHMENTS: EXHIBIT A – PROPERTY DEPICTION
EXHIBIT B – CITY OF ROSEVILLE OFFER TO PURCHASE
EXHIBIT C – MATERIAL TERMS
RESOLUTION

CC: COUNTY EXECUTIVE OFFICE
AUDITOR – CONTROLLER

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EXHIBIT A
PROPERTY DEPICTION



OFFER TO PURCHASE FROM THE CITY OF ROSEVILLE



City Manager's Office
311 Vernon Street
Roseville, California 95678-2469

February 20, 2014

County of Placer
Department of Facility Services
Property Management Division
c/o Laurie Morse, Property Manager
11476 C Avenue
Auburn, CA 95603

RE: City of Roseville
Conditional Offer to Purchase
APN: 013-172-011, -012, & -022, 505 Royer Street

Dear Ms. Morse,

As a result of our ongoing discussions, the City of Roseville hereby conditionally offers the following:

- **\$540,000.00 (Five Hundred Forty Thousand Dollars)**

Conditions include:

- The City of Roseville shall pay escrow and title fees, provided they are reasonable and not excessive, as per the City's sole determination
- The City of Roseville shall pay \$1,800 for the updated appraisal
- The City of Roseville will not be responsible for paying Placer County's costs if the transaction does not materialize due to County action, inaction, or decision
- 90-day escrow in order to complete due diligence efforts, including City Council approval

If this conditional offer is acceptable; please prepare your Agreement for Purchase and Sale and forward a draft for our consideration. This conditional offer is non-binding and the parties hereto acknowledge that this letter does not contain all matters upon which an agreement must be reached in order for the transaction to be completed. Further, the completion of this agreement is subject to the negotiation and execution of the written agreement for sale and discretionary approval of the Roseville City Council and the Placer County Board of Supervisors.

This letter should not be considered a legally binding agreement for the purchase and sale of this property. If you have any questions relative to this offer, or would like to meet in order to further discuss this matter, please contact Bill Aiken at the City of Roseville at (916) 774-5271.

Sincerely,

Bill Aiken, Development Analyst
Economic Development Department

MATERIAL TERMS**MATERIAL TERMS
AGREEMENT FOR PURCHASE AND SALE
505 ROYER STREET, ROSEVILLE, CALIFORNIA**

- **Purchase Property.** Approximately ±1.52 acres improved with a 7,778 square foot building and 60-space developed parking lot located at 505 Royer Street, Roseville, CA, referred to as APNs 013-172-011, 013-172-012, and 013-172-022, as generally depicted on Exhibit A (PURCHASE PROPERTY).
- **Agreement.** Agreement of Purchase and Sale (AGREEMENT) is made by and between the County of Placer (COUNTY) and the City of Roseville (CITY) or collectively (PARTIES).
- **Purpose.** The purpose of this AGREEMENT is to provide for the purchase and sale of the PURCHASE PROPERTY as conveyed through Quit Claim Deed from COUNTY to CITY.
- **Purchase Price.** The PARTIES have agreed to Five Hundred and Forty Thousand and No/100 Dollars (\$540,000.00) as the Purchase Price for the PURCHASE PROPERTY. The Purchase Price is based on appraised value as determined by Bender & Rosenthal, Inc. in their appraisal and reappraisal, as of March 14, 2013 and January 23, 2014, respectively. The Purchase Price includes reasonable compensation to the COUNTY for expenses incurred by COUNTY to effect this transaction including all reasonable staff, administrative, consulting, and attorney expenses.
- **Conditions to Close.** The Close of Escrow shall be conditioned on all of the following: (1) the CITY's written acceptance of the condition of title and physical and environmental condition of the PURCHASE PROPERTY; and (2) the deposit of funds into Escrow by the CITY, which shall total Five Hundred Forty Thousand and No/100 Dollars (\$540,000.00).
- **Escrow and Title.** The purchase and sale of the PURCHASE PROPERTY shall be consummated by means of an escrow opened at Placer Title Company, ATTN: Debbie Yue, 193 Fulweiler Avenue, Auburn CA 95603, Escrow Order Number 102-38682-1.
- **Close of Escrow.** Close of Escrow shall occur no later than ninety (90) days following the PARTIES' approval of the Agreement unless extended by mutual agreement of both PARTIES.
- **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. Prior to Close of Escrow, CITY shall deposit the Purchase Price and reimbursement for the reappraisal in the amount of One Thousand Eight Hundred and No/100 dollars (\$1,800.00).

- Termination. Should the CITY terminate the Agreement; CITY will compensate COUNTY for actual staff, legal, consultant, and escrow expenses unless such termination was as a result of County's action, inaction, or decision.
- Representations and Warranties. COUNTY shall provide no warranties as to the current condition of the PURCHASE PROPERTY. As a matter of disclosure COUNTY will provide CITY with all reports and studies in COUNTY's possession.
- Indemnification of County. Except as otherwise expressly stated herein, CITY agrees that it is purchasing the PURCHASE PROPERTY "as is" and "with all faults," with no warranties by COUNTY of any kind, express or implied, with respect to the PURCHASE PROPERTY or the condition thereof. By closing this transaction, the CITY hereby agrees to release the COUNTY and assumes all damages, claims, liabilities and obligations, whether known or unknown, arising from or related in any way to the PURCHASE PROPERTY or the condition thereof, including without limitation the physical condition of the PURCHASE PROPERTY, the presence and/or absence of Hazardous Materials in, on, under or affecting the PURCHASE PROPERTY, and the compliance of the PURCHASE PROPERTY with laws, ordinances, rules or regulations relating to the condition thereof. 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.

The CITY of Roseville accepts and agrees to the incorporation of the above Material Terms into the preparation of an Agreement for Purchase and Sale (AGREEMENT) between the COUNTY and the CITY. This document is intended to be a non-binding statement of the basic material terms of a proposed AGREEMENT between the COUNTY and the CITY for the property located at 505 Royer Street, Roseville, California (APNs 013-172-011, 013-172-012, and 013-172-022). The CITY and COUNTY recognize and agree that the enforceability of the terms of any resulting AGREEMENT shall be subject to approval by the Placer

County Board of Supervisors or its designee and the City of Roseville Council or its designee.

ACCEPTANCE OF MATERIAL TERMS

By: 

DATE: 2/24/14

Title: ECONOMIC DEVELOPMENT DIR.

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

IN THE MATTER OF: A RESOLUTION REGARDING
ACTIONS FOR THE SALE OF SURPLUS PROPERTY SALE
BETWEEN THE COUNTY OF PLACER AND THE CITY OF
ROSEVILLE FOR THE FORMER ROSEVILLE COURTHOUSE
PROPERTY LOCATED AT 505 ROYER STREET, ROSEVILLE,
CALIFORNIA.

Resol. No: _____

RESOLUTION was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, 2014 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 is the owner of the improved \pm 1.52 acre real property in Placer County located at 505 Royer Street in Roseville, California, designated as Placer County APNs 013-172-011, 013-172-012, and 013-172-022 ("Property"); and,

WHEREAS, the City of Roseville desires to purchase the Property to support its economic development activities; and,

WHEREAS, the County of Placer has determined since the Property is no longer necessary for County operations it is deemed surplus, and is willing to sell the Property for Five hundred Forty Thousand Dollars (\$540,000) to the City of Roseville, subject to Material Terms for an Agreement for Purchase and Sale; and,

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