

**MEMORANDUM
DEPARTMENT OF PUBLIC WORKS AND FACILITIES
COUNTY OF PLACER**

To: Honorable Board of Supervisors Date: November 3, 2015

From: Ken Grehm, Director of Public Works and Facilities
Laurie Morse, Property Manager

Subject: Property Management Disposition Process / Kings Beach Center

ACTION REQUESTED

Approve the release of a Request for Information for the 3.5-acre Kings Beach Center, and adopt a resolution authorizing the Director of Public Works and Facilities, or designee, to select a qualified broker and execute a real estate consulting services agreement with said broker, based on the Material Terms.

BACKGROUND

On September 17, 2014, the Successor Agency acquired sixteen parcels (Assessor's Parcel Numbers 090-126-021, -022, -024, -039, -040 and 090-133-003, -005, -006, -007, -008, -009, -011, -015, -016, -019, -021) in Kings Beach, California (see Attachment 1 Kings Beach Center). This acquisition was the result of the owner's default on four promissory notes purchased by the former Placer County Redevelopment Agency and held by the Successor Agency upon dissolution of the Redevelopment Agency in February 2012.

The future disposition of Kings Beach Center was discussed in the Long-Range Property Management Plan (LRPMP) as approved on May 19, 2014 by the California Department of Finance. The LRPMP specifies the Kings Beach Center would be ultimately disposed of to allow future mixed-use development consistent with Kings Beach planning documents including the redevelopment plan and Placer County community and area plans. The LRPMP provided for the transfer of the Kings Beach Center from the Successor Agency to the County to facilitate the ultimate disposition and development. On December 9, 2014, the Placer County Board of Supervisors approved Resolution No: 2014-238 accepting the conveyance of the Kings Beach Center. The Grant Deed was recorded in the Official Records of the County of Placer on December 31, 2014 as Instrument No. 2014-0094602.

Consistent with the LRPMP's stated objectives, staff believes the disposition of the Kings Beach Center should be carefully orchestrated to ensure that the future development of this property is consistent with and supports the policies of the recently adopted Tahoe Regional Planning Agency (TRPA) Regional Plan and related key concepts likely to move forward in the proposed Placer County Tahoe Basin Area Plan (Area Plan). This large property has the greatest opportunity for environmental improvement and commercial development as contemplated in the County's proposed Area Plan and the Kings Beach Vision Plan. Successful development of this property will require a developer who has the knowledge and resources to complete a project in a design consistent with community interests.

Given the timing of the proposed Area Plan and the collective desires of the community, the County and the local agencies serving the Kings Beach community, County staff recommends proceeding with the disposition of the Kings Beach Center through a Request for Information (RFI) process to identify potential developers and buyers who are interested in the property. Interested developers and buyers will be evaluated based on the following information:

- Vision for the property and proposed project summary
- History and experience of the development team
- History and past project experience, including development of commercial or mix-use projects
- Demonstrated understanding of the Tahoe Basin, TRPA codes and requirements, community plans and permitting

- Financial information, project resources, and banking and business references

The RFI process for the Kings Beach Center is anticipated to be initiated before or during the first quarter of calendar year 2016. Staff is recommending the proposed RFI for the Kings Beach Center be issued concurrently with the Successor Agency's issuance of a separate RFI for the adjacent Town Center South property (see Attachment 1). Due to its proximity to the Kings Beach Center, Town Center South will be marketed for disposition by the Successor Agency at the same time as the Kings Beach Center to allow for its inclusion into the Kings Beach Center project design.

Depending on the results of a RFI process, the County can then elect to proceed with a Request for Qualifications (RFQ), a Request for Proposals (RFP) or direct contract negotiations with a single party. Proposals or agreement information from qualified developers would include specific terms and conditions for property acquisition, proposed project details, and development schedule.

To maximize exposure of this property to qualified developers and buyers, staff recommends that the County procure a real estate broker to assist with the disposition process. This will provide the highest level of exposure for the RFI and the property, thereby helping to ensure the highest returns (financial, environmental, and community serving) to the taxing entities and community, and the recovery to the County of the acquisition, taxes and maintenance costs of the property.

With your Board's approval, a Non-Exclusive Real Estate Consulting Services Agreement (Agreement) with a qualified broker will be prepared. The scope of services will include marketing of the RFI document, interactions with potential developers, evaluation of submittals received, and consultation regarding the ultimate real estate transaction based on Material Terms (see Attachment 2). The broker would be compensated on a time and materials basis for specified services, pursuant to the Agreement, in an amount not to exceed \$20,000. Furthermore, if the broker identifies a qualified buyer, the broker could act as the broker for the County and the buyer, provided both parties agree and pursuant to a Purchase and Sale Agreement or Lease Agreement. In the event a sale or lease agreement is consummated, the amount paid to the broker for services provided pursuant to the terms of the Agreement would be deducted from the final commission earned through the sale or lease. If the buyer/developer is represented by a separate broker, the broker would agree to split 50/50 the real estate commission due. Any amount over and above the \$20,000 would be deducted from the purchase price upon and only in the event of, a close of escrow or an executed lease agreement.

Staff suggests that the disposition process, as outlined above, will provide the highest value for the property and will facilitate the project development of the Kings Beach Center as contemplated by the LRPMP, the County and the community. To proceed with the proposed Agreement, it is necessary for your Board to approve the disposition process and the attached resolution authorizing the Director of Public Works and Facilities, or designee, to enter into the Agreement.

ENVIRONMENTAL STATUS

This is an administrative action, does not constitute a project, and is not subject to environmental review per the California Environmental Quality Act Guidelines Section 15378(b)(5).

FISCAL IMPACT

Funding for County staff and consulting services associated with the disposition is available in Capital Project 4973 - Kings Beach Center Disposition. The County continues to incur costs associated with the maintenance of the property, buildings and existing tenants. This fiscal impact to the County will continue as long as the County owns the property.

ATTACHMENT 1 – KINGS BEACH CENTER

ATTACHMENT 2 – RESOLUTION AUTHORIZING REAL ESTATE CONSULTING SERVICES FOR KINGS BEACH CENTER

**ATTACHMENT 1
PLACER COUNTY PROPERTY
KINGS BEACH CENTER**



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

In the matter of:

Resol. No: _____

Adopt a resolution to authorize the Director of Public Works and Facilities, or designee, to execute a real estate consulting services agreement with a qualified broker for the disposition of the Kings Beach Center.

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____ 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, on September 17, 2014, the Successor Agency acquired sixteen parcels (Assessor's Parcel Numbers 090-126-021, -022, -024, -039, -040 and 090-133-003, -005, -006, -007, -008, -009, -011, -015, -016, -019, -021) in Kings Beach, California through a Deed in Lieu of Foreclosure, recorded in the Official Records of the County of Placer as Instrument No. 2014-0064550; and

WHEREAS, the Long-Range Property Management Plan (LRPMP), as approved by the Department of Finance on May 19, 2014, addresses the disposition and development of the real property formally owned by the Successor Agency for future development purposes consistent with redevelopment and community plans contemplated by Placer County and the former Placer County Redevelopment Agency; and

WHEREAS, on December 9, 2014, the Placer County Board of Supervisors approved Resolution No: 2014-238 accepting the conveyance of the Kings Beach Center. The Grant Deed was recorded in the Official Records of the County of Placer on December 31, 2014 as Instrument No. 2014-0094602; and

WHEREAS, since acquisition by the County, staff has carefully evaluated the disposition of the Kings Beach Center to provide the highest value for the property and to facilitate the project development as contemplated by the LRPMP, the County and the community.

NOW, THEREFORE, BE IT RESOLVED, that the County of Placer Board of Supervisors delegates authority to the Director of Public Works and Facilities, or designee, to enter into a real estate consulting services agreement pursuant to the Material Terms in Exhibit A with a qualified broker to provide real estate consulting services for the disposition of the Kings Beach Center Property, subject to Placer County Counsel approval.

RESOLUTION EXHIBIT A
Material Terms for the Real Estate Consulting Services Agreement
Marketing of Property and Request for Information of Potential Developers
Kings Beach Center

1. **Term:** The Non-exclusive Real Estate Consulting Services Agreement (Agreement) will be for one year or until one of the following occurs:
 - a. Final payment is made for real estate consulting services within the approved agreement amount.
 - b. Termination of the Request for Information (RFI) process for the properties by the County.
 - c. Broker may terminate its services of the agreement only upon good cause or upon the mutual agreement of the County, and shall provide 30 days advance written notice of any such intent to terminate.

2. **Services:** Broker shall provide real estate consulting services to the County for marketing and exposure of the Kings Beach Center in Kings Beach, California:
 - APNs: 090-126-021, -022, -024, -039, -040 and 090-133-003, -005, -006, -007, -008, -009, -011, -015, -016, -019, -021

The real estate consultant shall assist with marketing the property; hold specific property showings; attend public and Board of Supervisors meetings associated with the property; assist with evaluation of the potential developer information or qualifications; and assist with document preparation associated with the marketing of the property. Additionally, the broker may be asked to provide real estate brokerage services representing the interest of the County at the sole discretion of the County. The broker is not precluded from entering into a similar agreement with the Successor Agency if both the Agency and County decide to market the Everett (Town Center South) and the Kings Beach Center properties together.

1. **Real Estate Consulting Fee:** The broker shall be compensated on a time and materials basis according to an hourly consulting rate, pursuant to the Agreement. The compensation for real estate consulting services will not exceed \$20,000. If the broker identifies a qualified buyer/developer, the broker may be able to act as the broker for both the County and the buyer/developer, if both parties agree and pursuant to a separate Purchase and Sale Agreement, or Lease Agreement. In the event that a sales or lease agreement is consummated, the terms of the Agreement will require the broker to deduct from any sales commission due the broker, the amount paid for services provided to the County under the Agreement. If the buyer/developer is represented by a separate broker, the broker would agree to split 50/50 the real estate commission due. Any sale commission shall not exceed 6%. Any sale commission shall be deducted from the purchase price, less the consulting fee amount, upon and only in the event of, close of escrow or a lease.

Real Estate Consultant Authority: Except as specified in the real estate consulting agreement or in writing, the broker shall have no authority to act on behalf of the County in any capacity or have authority to bind the County.