



MEMORANDUM
FACILITIES MANAGEMENT
REAL ESTATE SERVICES DIVISION
County of Placer

TO: Honorable Board of Supervisors DATE: June 22, 2021
FROM: Steve Newsom, Director of Facilities Management
By: Eric Findlay, Property Manager
SUBJECT: Real Estate Services Division / Bechdolt Building Property Acquisition / Sierra Northwest Properties, LLC / 243 North Lake Boulevard, Tahoe City

ACTIONS REQUESTED

1. Adopt a Resolution to approve the Purchase and Sale Agreement for the acquisition of the Bechdolt Building, located at 243 North Lake Boulevard, Tahoe City, CA (APN 094-540-004-000) from Sierra Northwest Properties, LLC, a California Limited Liability Company, and authorize the Director of Facilities Management, or designee, to take all necessary actions to execute the agreement and complete the acquisition.
2. Approve a FY 2021-22 Budget Amendment in the amount of \$4,040,000 in total acquisition costs, including the cost of due diligence to acquire the property, by canceling General Fund Capital Reserves and increasing the FY 2021-22 budget expenditure authority in the General Fund Contribution – Facilities and Infrastructure cost center by the same amount.
3. Approve a FY 2021-22 Budget Amendment in the amount of \$4,040,000 to increase the FY 2021-22 Capital Fund Budget, PJ01723 Bechdolt Building Acquisition.
4. Authorize the addition of the Property to the County’s comprehensive capital assets list once acquired.

BACKGROUND

The Bechdolt Building is a 10,654± square foot multi-tenant commercial building built in 1963, located on 0.71 ±-acres of land at 243 North Lake Boulevard, Tahoe City, CA, and designated as APN 094-540-004-000 (Bechdolt Property). Other than the Bechdolt Building, the property consists of +/- 35 parking spaces and an access road to the Tahoe City (TC) Golf Course owned by the Tahoe City Public Utility District (TCPUD). The Bechdolt Property is centrally located within Tahoe City on the northeast side of the intersection of State Route 28 and State Route 89, in the “Wye” area.

The properties surrounding the Bechdolt Property are as follows. The TC Golf Course is located to the north, the new Plumas Bank location is located immediately to the west, State Route 28 runs along the southern border, and the approved 118-unit boutique hotel project known as the Tahoe City (TC) Lodge Project is to the east. The TC Lodge Project is considered a key redevelopment project for Tahoe City, and this area has been the subject of County redevelopment efforts for the past decade. The Bechdolt Property is encumbered by public road easements that provide access and parking for the TC Golf Course and for the TC Lodge Project. There are also two utility easements on the eastern portion, one for a sewer line provided to the TCPUD, and another for stormwater provided to the County.

The Bechdolt Property was appraised at \$3.2 million in March 2020. Due to recent comparables and appreciation in property values (estimated between 30-40%), as well as the value of parking in the downtown Tahoe City area and the central location of the property, staff believes the \$4 million Purchase Price is merited. Additionally, staff believes that this acquisition provides the following unique benefits to the County that further support the proposed Purchase Price:

- Desirable frontage location in the heart of Tahoe City being adjacent to the TC Lodge project and the Tahoe City Golf Course. It provides excellent access and exposure from North Lake Boulevard and making the property public provides for increased connectivity within Tahoe City.
- The parking spaces within the Bechdolt Property can provide opportunities for County parking, or shared use parking agreements, as well as public parking for visitors to Tahoe City.
- The Bechdolt Property is zoned Mixed-Use Town Center which allows a number of commercial and tourist-oriented land uses. It also allows government offices, single and multi-family dwellings, food and beverage retail and general merchandise sales, and recreational uses. Per the Tahoe Basin Area Plan, this subdistrict is “intended to maintain and enhance the pedestrian and transit-oriented environment of retail, restaurants, services and tourist accommodation with east access to the lake and recreational activities.”
- The Bechdolt Property has 10,654± square feet of Commercial Floor Area and extensive on-site land coverage (95-99% impervious coverage), that would be considered legally non-conforming by the Tahoe Regional Planning Agency (TRPA). Although this Property has soils currently classified as 1B (stream environment zone), there is an opportunity to challenge this classification as was done on the TC Lodge property to the east which resulted in a reclassification of portions of the property to class 5 which allows greater land coverage.
- A former tenant, Plumas Bank, has moved into its new location immediately west of the Bechdolt Property. This opens up 2,758 square feet of storefront space for retail or commercial tenants.
- The purchase of the Bechdolt Property would remedy the current uncertainty related to the rights associated with the 50-foot-wide non-exclusive appurtenant easement for right of way, road, and utility purposes along its easterly boundary. The TC Lodge Project includes the construction of 132 additional parking spaces serving the TC Lodge Project and the TC Golf Course, including a reconstructed clubhouse and meeting space, and ice rink. The acquisition would also ensure the ability to provide improved entrance amenities (signage) and additional circulation to the TC Golf Course and TC Lodge Project, as well as businesses located east of the TC Lodge Project given the County’s ownership and control of the Bechdolt Property.
- The potential exists that the TC Lodge Project could later purchase the Bechdolt Property and incorporate this Property into its potential development plans.

Purchase and Sale Agreement (PSA)

Staff has successfully negotiated the PSA with the Owner. The PSA contains the following terms:

1. **Bechdolt Property**: 0.71±-acres of land improved with a 10,654 square foot building known as the Bechdolt Building, located at 243 North Lake Boulevard, Tahoe City, CA (APN 094-540-004-000).
2. **Purchase Price**: \$4,000,000.
3. **Escrow and Title Costs**: County shall pay for the title policy, transfer taxes, if any, escrow fees, and other related closing costs.
4. **Escrow Deposit**: A refundable deposit of \$100,000 will be placed by the County into an escrow account. The Deposit shall be applied to the Purchase Price upon close of escrow. If the County identifies any unacceptable matters that are inconsistent with any of the Owner's representations or warranties or any title issues within ten (10) working days after signing the PSA, then it must notify the Owner and if the issue cannot be fixed, the Deposit can be returned to the County.
5. **Investigation Period**: The County will conduct a walkthrough and obtain all title documents within five (5) working days of execution of the Agreement and will have ten (10) working days following execution of the Agreement to conduct its investigation based upon that information.
6. **Close of Escrow**: Escrow will close after no later than thirty (30) calendar days following execution of the PSA but can occur earlier if the conditions for close of escrow are met by the parties.
7. **Existing Leases**: The property has six existing tenants outside of the Owner. Those tenants are as follows:
 - a. Unit 2 to Jenny and Le Tuan Van dba Unique Nail Spa, existing lease from April 1, 2021, to April 1, 2024
 - b. Unit 3 to Lana Bowan dba Salana, existing lease from August 1, 2020, to August 1, 2023
 - c. Unit 5b to Lillith Shilton, existing lease from September 1, 2020, to September 1, 2021
 - d. Unit 6 to Sergio Alvarado dba Tahoe Home Builders, existing lease from May 1, 2021 to May 1, 2023
 - e. Unit 7 to Todd Mather dba Todd Gordon Mather Architect, last lease from May 1, 2016 to May 1, 2017
 - f. Basement to John Olson and Chris Thibault dba Tahoe Logo Wear, last lease from March 1, 2002 to February 28, 2004
8. **Occupancy by Owner**: The Owner shall have rights to occupy its existing office space within the Bechdolt Building (Unit No. 4; 467 square feet) until October 1, 2021, at no rental cost, subject to Owner's payment of its pro-rata share of public utilities.

To proceed with this acquisition, your Board's approval of the Purchase and Sale Agreement, Budget Amendments, and adoption of a Resolution are necessary to authorize the Director of

Facilities Management, or designee, to take all actions necessary to complete the acquisition. A copy of the PSA is on file with the Clerk of Board.

ENVIRONMENTAL IMPACT

This proposed acquisition is Categorically Exempt from review pursuant to Section 15301 of the California Environmental Quality Act (CEQA). This section provides for activities where there is no expansion of an existing or former use. Additionally, the action to approve the proposed acquisition is exempt from review under CEQA pursuant to CEQA Guidelines Section 15061(b)(3) because it can be determined with certainty there is no possibility the approval of these agreements and documents will result in a direct or a reasonably foreseeable indirect significant impact on the environment.

FISCAL IMPACT

The acquisition cost to acquire the Bechdolt Property is \$4,040,000 which includes the purchase price (\$4,000,000) and estimated, title, escrow, legal and staff expenses (\$40,000). This acquisition will utilize \$4,040,000 of General Fund Capital Reserves and be transferred from the General Fund Contribution – Facilities and Infrastructure cost center by the same amount and requires a FY 2021-22 Budget Amendment. Another FY 2021-22 Budget Amendment for the Capital Project Fund Budget, PJ01723 Bechdolt Building Acquisition is required to receive the transfer from the General Fund and increase the expenditure authority for the acquisition costs. The net impact is a reduction of General Fund Capital Reserves of \$4,040,000.

Staff anticipates the need to return in the near future to request a budget amendment related to necessary building maintenance capital project and ongoing maintenance costs, as well as any grounds/parking lot maintenance costs.

The proposed purchase of the Property results in lost property tax revenues due to the transfer from a private entity to the County, currently \$33,047.24 per year, but also will provide anticipated rental revenue in a current amount of \$112,170 per year (\$9,348 per month).

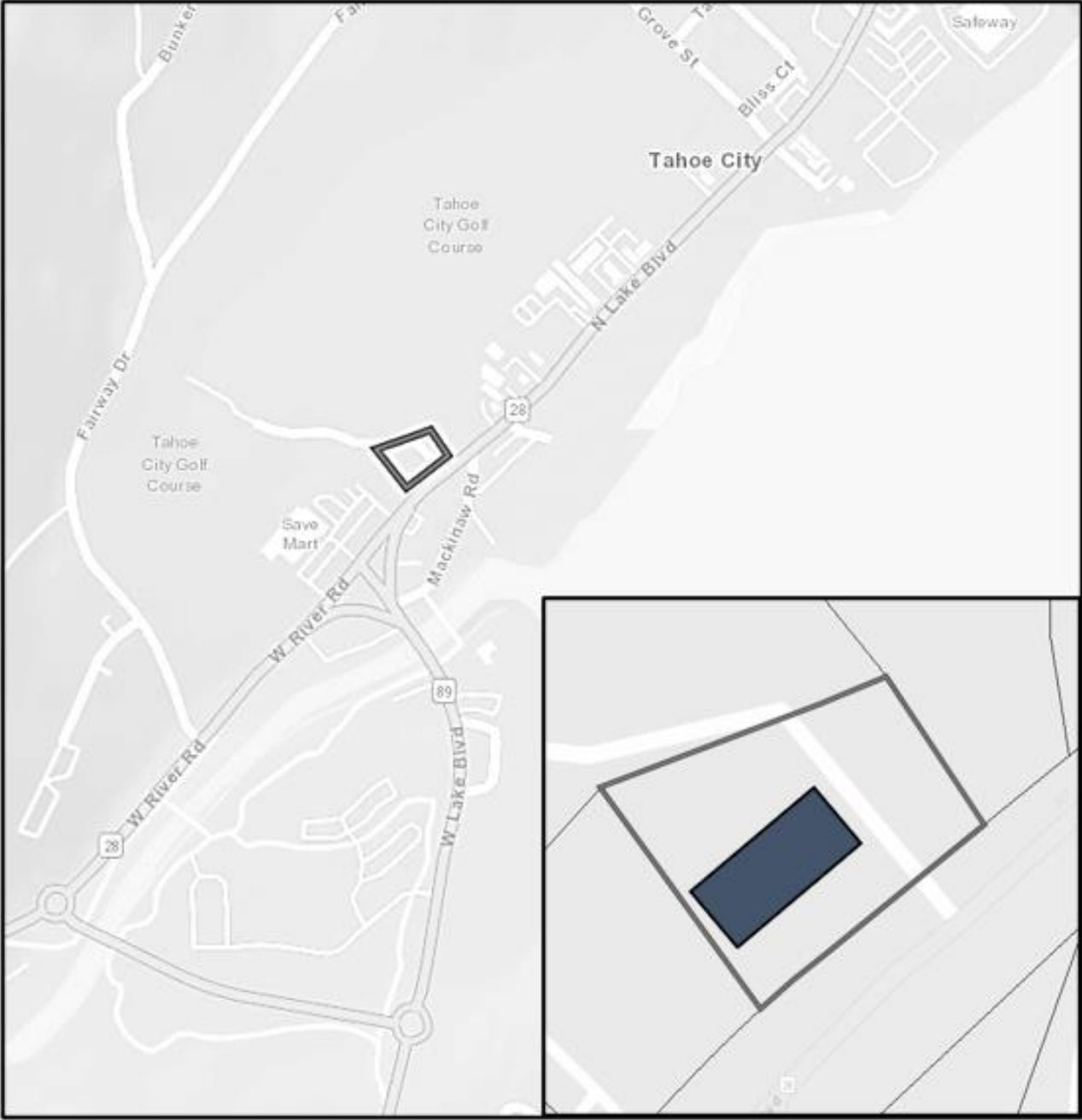
ATTACHMENTS

Attachment A – Property Map

Attachment B – Resolution

On file with Clerk of the Board – Purchase and Sale Agreement Bechdolt Property

Property Map



Resolution

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

In the matter of: Resolution to approve the Purchase and Sale Agreement for the acquisition of the Bechdolt Building, located at 243 North Lake Boulevard, Tahoe City, CA (APN 094-540-004-000) from Sierra Northwest Properties, LLC, a California Limited Liability Company, and authorize the Director of Facilities Management, or designee, to take all necessary actions to execute the agreement and complete the acquisition.

Resolution No.: _____

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

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

WHEREAS, The Bechdolt Building is a 10,654± square foot multi-tenant commercial building built in 1963, located on 0.71 ±-acres of land at 243 North Lake Boulevard, Tahoe City, CA and designated as APN 094-540-004-000 (Bechdolt Property).

WHEREAS, the Bechdolt Property has excellent access and exposure from North Lake Boulevard and provides the potential for increased connectivity within Tahoe City.

WHEREAS, the Bechdolt Property is adjacent to the Tahoe City Golf Course and the Tahoe City Lodge Project and has the potential for future redevelopment projects.

WHEREAS, the County of Placer desires to purchase the Bechdolt Property from Sierra Northwest Properties, LLC, a California Limited Liability Company (Owner).

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors, County of Placer, State of California, that the County hereby approves the Purchase and Sale Agreement for the acquisition of the Bechdolt Property from the Owner for \$4,000,000.

BE IT FURTHER RESOLVED that the Director of Facilities Management, or designee, is hereby authorized to enter into the Purchase and Sale Agreement and take all further actions necessary to implement the terms of agreement and to acquire the Bechdolt Property.

