

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

To: **BOARD OF SUPERVISORS**

Date: **JULY 21, 2009**

From: ~~JD~~ **JAMES DURFEE / MARY DIETRICH**

Subject: **OPTION TO PURCHASE NEGOTIATION – TAHOE TREE COMPANY**

ACTION REQUESTED: Authorize the Director of Facility services to negotiate an Option to Purchase Agreement between the County of Placer and John and Leslie Hyche for the +/- 10.18-acre Tahoe Tree Company property, located at 401 West Lake Boulevard in Tahoe City, CA, on APNs 094-200-026, 027, 050, and 051; and, return to your Board for consideration of the resultant agreement.

BACKGROUND: Under a separate item on your Agenda today, staff recommended that your Board select the B.B. LLC Option 1 (Original – Lease / Purchase) property as the Tahoe Government Center (TGC) site. Staff also requested authority for the Director of Facility Services to negotiate a Master Agreement, which defines material terms of a Lease Purchase Agreement and obligates B.B. LLC to meet key approval and construction milestones. This prior item described that there are risks associated with the recommended site, and staff believes it prudent to secure an option to purchase the Tahoe Tree Company property. This action would permit Placer County to secure an alternative location for the TGC, if the B.B. LLC mixed use development project is unsuccessful in securing necessary financing, environmental approvals, or entitlements.

With your approval, Property Management will negotiate with Tahoe Tree Company to provide the County with up to two years to exercise an option to purchase, based on a negotiated purchase price, leaseback terms, and compensation for the Option. The provision of an alternative if the B.B. LLC project becomes infeasible gives the County with an opportunity to continue diligence activities and pursue entitlements to reuse the existing 6,000 sf Tahoe Tree Company building for County offices. Preliminary conversations with the Hyches indicate that they are willing to consider an option subject to mutual agreement on terms; however, key issues regarding the ultimate purchase price and lease value of their wholesale nursery operation are yet to be determined. With your Board's approval, staff will proceed to negotiate the Option Agreement and will return to your Board for approval of said Agreement.

ENVIRONMENTAL CLEARANCE: This action is exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Section 15061 (b)(3), which exempts activities that have no potential to cause significant environmental impact.

FISCAL IMPACT: There is no fiscal impact anticipated as a result of this action by your Board. Any consideration paid for the Option Agreement will be presented to your Board for approval when the Option Agreement is brought before your Board.

MD:AR:MR:LM

CC: COUNTY EXECUTIVE OFFICE

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