

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

To: **BOARD OF SUPERVISORS**

Date: **JULY 12, 2011**

From: **JAMES DURFEE / MARK RIDEOUT**

Subject: **PCWA FORESTHILL CORPORATION YARD ACQUISITION**

**ACTION REQUESTED / RECOMMENDATION:** It is recommended that your Board take the following actions associated with acquisition of the 1.7-acre parcel located at 24625 Harrison Street in Foresthill California referred to as APN 007-181-003 from the Placer County Water Agency:

- 1) Delegate authority to the Director of Facility Services, or his designee, to execute an Agreement for Purchase and Sale based upon the attached Material Terms subject to County Counsel's review and approval; 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 acquisition at a cost not-to-exceed \$257,000; and,
- 3) Approve the attached Budget Revision associated with this transaction; and,
- 4) Authorize the Property to be added to the Master Fixed Asset list following the close of escrow.

**BACKGROUND:** The Placer County Water Agency (PCWA) has recently completed construction of a new corporation yard at the Old Mill site in Foresthill and has approached the County with an offer to sell their surplus corporation yard located at 24625 Harrison Street, in Foresthill to the County (see Exhibit A – Purchase Property).

The 1.7 acre parcel, situated between the Foresthill Memorial Hall and the Leroy E. Botts Memorial Park, has two noteworthy structures on site that were constructed in the 1960's. Structures include: a 2,300 square foot on-slab prefabricated office building with an attached 2,000 square foot covered carport and a 4,000 square foot metal warehouse/shop. Staff evaluated the property, buildings, zoning and General Plan compatibility, and determined that the parcel would be compatible for County uses given the property's adjacency to County facilities. Furthermore, with the opportunity to reuse the existing buildings, parking lots and storage yard, acquisition of the property would provide future opportunities for consolidation of the County's Foresthill based operations such as Parks and Grounds equipment storage and maintenance, and community-use facilities (e.g., library and public safety). The County's acquisition of the property would also eliminate potential concerns regarding the compatibility with existing County functions if the property were held by another user.

PCWA first approached the County to sell this property in 2006, but withdrew its offer due to construction delays of its new corporation yard. As part of the County's initial due diligence, staff secured an appraisal that established a \$500,000 value for the property and a Phase I Environmental Site Assessment (ESA). In late 2010, after PCWA completed construction and moved to the Old Mill site, PCWA notified the County that the property was again for sale. Given the passage of time and environmental conditions identified in the Phase I ESA, Property Management contracted for an updated appraisal and updated Phase I ESA. The updated

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appraisal completed in December 2010, noted that the Foresthill Divide Community Plan (FDCP) that was adopted in 2008 changed the Property's zoning from RES Resort to RF Residential-Forest. The adoption of the FDCP and resulting zoning change reduced the potential uses primarily to single family residential, but allows limited other uses including agriculture/forestry, open space, recreation, education, public assembly, service, transportation and communications. The appraisal concluded that the highest and best use is residential and noted the region's steep decline in unimproved residential property values (an average decline of 70% to 80%) resulted in a significant diminishment in value and marketability of the Property. The appraisal did not place any value on the existing improvements because of their age, condition, and in consideration that these improvements would be demolished for residential development. As a result, the appraised value of the Property was identified at \$50,000. Since the value was significantly less than the 2006 appraised value, PCWA independently obtained another appraisal which utilized a depreciated replacement cost valuation approach. PCWA's appraisal determined the value of the buildings at \$183,000, not factoring in the value for the land. County Staff reviewed this appraisal and agreed that the buildings do add value to the County, given the County's potential uses of the Property.

County Staff and PCWA have reached a compromise and agreed to a \$200,000 Purchase Price which combines the value for the land with the depreciated building value, less estimated costs to perform asbestos abatement in the structures. Given the historical uses of the Property by PCWA as a corporation maintenance yard and several potential recognized environmental concerns that were noted in the 2006 and 2010 Phase I ESA's, Staff recommends that the County contract for a Phase II ESA during the due diligence period and evaluate the results prior to close of escrow. In order to acquire the Purchase Property, your Board must delegate authority to the Director of Facility Services, or his designee, to execute the Agreement for Purchase and Sale, based on the attached Material Terms subject to County Counsel review and approval, and adopt the attached Resolution authorizing the Director to complete this transaction. This acquisition has been publicly noticed per Government Code section 6063.

**ENVIRONMENTAL CLEARANCE:** This action is exempt from CEQA pursuant to CEQA Guidelines 15301 (Existing Facilities).

**FISCAL IMPACT:** The total acquisition cost of the Purchase Property is estimated not-to-exceed \$257,000 which includes the \$200,000 Purchase Price, escrow and title costs, County Staff expense, and Phase II ESA consultant fees. Funding for this acquisition is available in the Capital Projects Fund, Capital Project No. 04767. A Budget Revision is required to shift appropriation from structures, account 4151, to land account 4001.

JD:MR:LM:MM:DB

ATTACHMENTS: MATERIAL TERMS OF PURCHASE AND SALE AGREEMENT  
EXHIBIT A - PURCHASE PROPERTY  
RESOLUTION  
BUDGET REVISION

CC: COUNTY EXECUTIVE OFFICE  
AUDITOR - CONTROLLER

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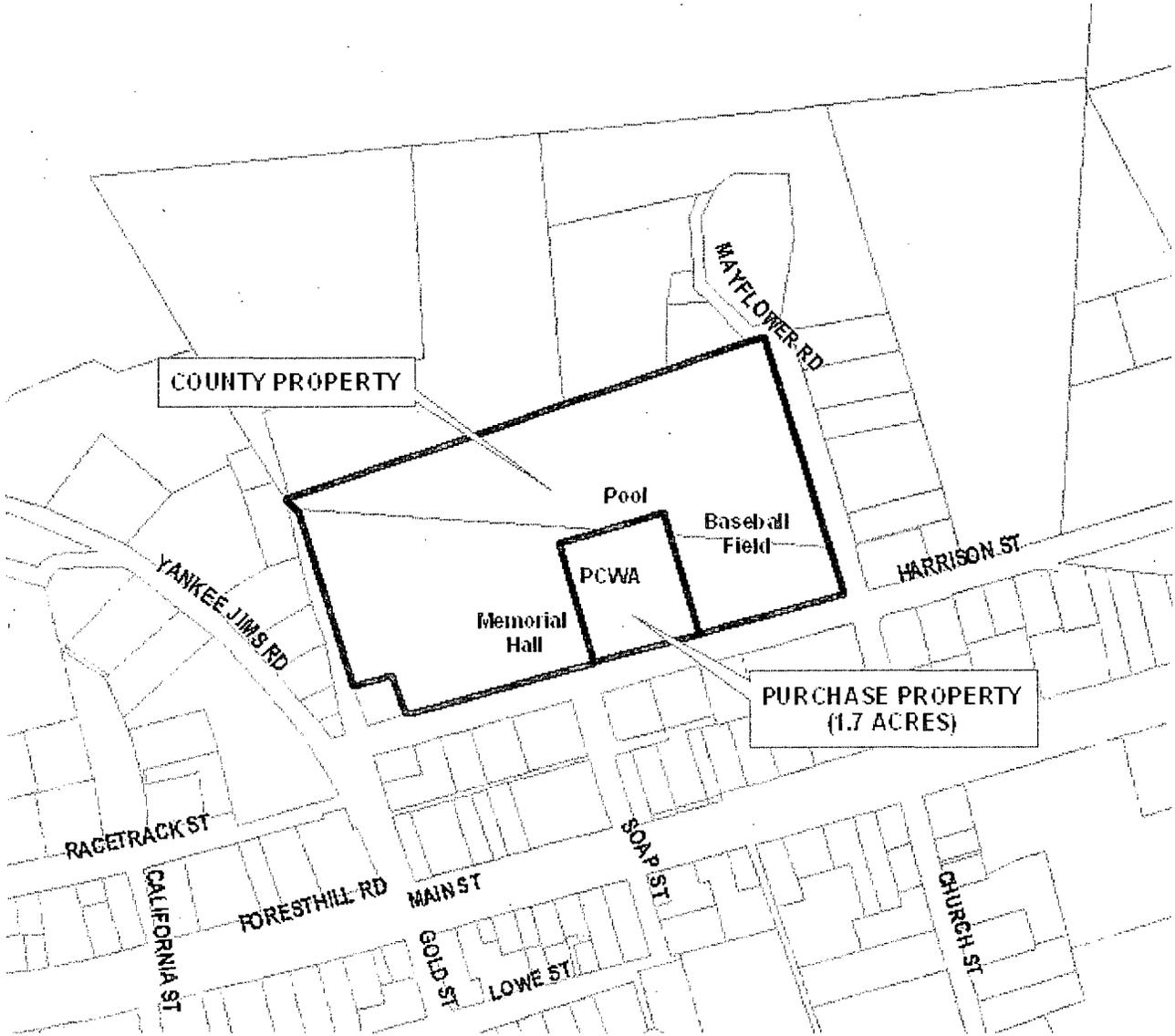
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MATERIAL TERMS  
AGREEMENT FOR PURCHASE AND SALE

1. Parties: County of Placer (County) and the Placer County Water Agency (PCWA).
2. Purchase Property: 1.7 Acres with improved buildings located at 24625 Harrison Street, Foresthill CA, referred to as APN 007-181-003, as depicted on EXHIBIT A.
3. Purpose: To provide the County with future opportunities for consolidation of the County's Foresthill based operations such as Parks and Grounds equipment storage and maintenance, and community-use facilities (e.g., library and public safety).
4. Purchase Price: The Parties have agreed to Two Hundred Thousand and No/100 Dollars (\$200,000.00) as the Purchase Price for the Purchase Property.
5. Conditions to Close: Close of Escrow will not occur until the County is satisfied regarding the condition of the Purchase Property, including its environmental and physical condition, and that PCWA may transfer the Purchase Property with clear title.
6. Closing Costs: County shall pay any recording fees, the premium for County's Title Policy, and consultant costs associated with the Phase II Environmental Site Assessment. PCWA shall pay any transfer taxes and all costs to place the Purchase Property in the condition for conveyance required by the Agreement. County and PCWA shall each pay one-half (1/2) of the escrow fees, document preparation costs and other related closing costs. County and PCWA shall each pay its own legal and professional fees and fees of other consultants incurred with regard to this transaction.
7. Close of Escrow: If performance conditions are not met by August 31, 2011, the County or PCWA shall have the option to cancel escrow and terminate this Agreement or extend the Close of Escrow date to a mutually agreed upon date. Either County or PCWA shall notify the other party of its intent to exercise this option ten (10) days prior to August 31, 2011.
8. Representations and Warranties: PCWA shall provide representations and warranties regarding the Purchase Property as defined in the Purchase and Sale Agreement.

\* \* \* \* \*

PURCHASE PROPERTY



# 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 NECESSARY TO COMPLETE THE ACQUISITION BETWEEN THE COUNTY OF PLACER AND PLACER COUNTY WATER AGENCY FOR THE PROPERTY LOCATED AT 24625 HARRISON STREET IN FORESTHILL, CALIFORNIA.

Resol. No: \_\_\_\_\_

**RESOLUTION** was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held \_\_\_\_\_, 2011 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

\_\_\_\_\_  
Chairman Board of Supervisors

Attest: Clerk of said Board

\_\_\_\_\_  
**WHEREAS**, Placer County Water Agency (PCWA) is the owner of approximately 1.7 acres of real property improved with ± 6,300 SF of light commercial buildings, located in Foresthill, California, identified as Placer County Assessor's Parcel Number 007-181-003 (Purchase Property); and,

**WHEREAS**, PCWA desires to sell the Purchase Property to the County of Placer for the purchase price of Two Hundred Thousand and No/100 Dollars (\$200,000) (Purchase Price); and,

**WHEREAS**, County ownership of the Purchase Property would allow for the re-use of the property and structures for County purposes; and,

**WHEREAS**, the County desires to acquire the Purchase Property from PCWA for the Purchase Price; and,

**NOW THEREFORE, BE IT RESOLVED**, that the Placer County Board of Supervisors does hereby authorize the Director of Facility Services or his designee, subject to County Counsel review and approval and upon satisfaction of the provisions contained in the Purchase and Sale Agreement, to execute on behalf of the County all documentation, including the Agreement of Purchase and Sale, and to take all other actions, necessary to acquire the property; does hereby authorize the disbursement of County funds necessary to complete the transaction; and does hereby consent to the acceptance and recordation of the deeds for said Purchase Property.

|                  |
|------------------|
| PAS DOCUMENT NO. |
|                  |

Facility Service to do journal to transfer cash

**BUDGET REVISION**

**POST DATE:**

| DEPT NO. | DOC TYPE | Total \$ Amount | TOTAL LINES |
|----------|----------|-----------------|-------------|
| 12       | BR       | 200,000.00      | 4           |

Cash Transfer Required

Reserve Cancellation Required

Establish Reserve Required

*mg*

Auditor-Controller

County Executive

Board of Supervisors

**ESTIMATED REVENUE ADJUSTMENT**

**APPROPRIATION ADJUSTMENT**

| DEPT NO.     | T/C | Rev | Fund | Sub Fund | OCA | PCA | OBJ 3 | PROJ. | PROJ. DTL | AMOUNT | DEPT NO.     | T/C | Rev | Fund | Sub Fund | OCA    | PCA   | OBJ 3 | PROJ.  | PROJ. DTL | AMOUNT     |
|--------------|-----|-----|------|----------|-----|-----|-------|-------|-----------|--------|--------------|-----|-----|------|----------|--------|-------|-------|--------|-----------|------------|
|              |     |     |      |          |     |     |       |       |           |        | 12           | 014 |     | 140  |          | 991078 | 04767 | 4001  |        |           | 50,000.00  |
|              |     |     |      |          |     |     |       |       |           |        | 12           | 034 |     | 140  |          | 991078 | 04767 | 4001  | 704767 | 01000     | 50,000.00  |
|              |     |     |      |          |     |     |       |       |           |        | 12           | 015 |     | 140  |          | 991078 | 04767 | 4151  |        |           | 50,000.00  |
|              |     |     |      |          |     |     |       |       |           |        | 12           | 035 |     | 140  |          | 991078 | 04767 | 4151  | 704767 | 010000    | 50,000.00  |
| <b>TOTAL</b> |     |     |      |          |     |     |       |       |           | 0.00   | <b>TOTAL</b> |     |     |      |          |        |       |       |        |           | 200,000.00 |

REASON FOR REVISION: TO SHIFT \$50,000 WITHIN CAPITAL PROJECT 704767 FROM 4151-BUILDINGS & IMPROVEMENTS TO 4001-LAND

FOR THE ACQUISITION OF THE PCWA FORESTHILL CORP YARD.

Prepared by Valerie Bayne Ext 6803

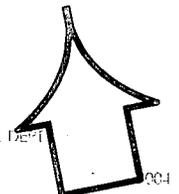
Department Head Valerie Bayne

Board of Supervisors \_\_\_\_\_

Date: 6/21/11

Page: \_\_\_\_\_

Budget Revision # \_\_\_\_\_ FOR INDIVIDUAL DEPT



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