



Monterey County

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: 21-722

August 24, 2021

Introduced: 8/18/2021

Current Status: Agenda Ready

Version: 2

Matter Type: General Agenda Item

Adopt a Resolution to:

- a. Find that the subject property transfer is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15061;
- b. Approve the Commercial Property Purchase Agreement and Escrow Instructions between the County and the Joan Miller Living Trust dated 9/25/96 to acquire two (2) parcels totaling 1.8 acres including two (2) commercial buildings totaling approximately 9,960 square feet located at 1011 Broadway Street in King City, California, identified as Assessor's Parcel Numbers 026-391-022 and 026-391-021, for the amount of \$1,825,000, for use by the Agricultural Commissioner's Office, pursuant to Government Code Section 25350.60;
- c. Authorize the Director of Public Works, Facilities, and Parks to execute the Commercial Property Purchase Agreement and Escrow Instructions and any related documents needed to complete the transaction, including, but not limited to, any future amendments to the Agreement subject to the review and approval of the Office of the County Counsel; and
- d. Authorize and direct the Auditor-Controller to amend the fiscal year 2021-22 Adopted Budget for Capital Projects, Fund 402, Appropriation Unit PFP056, to increase appropriations by \$1,848,000, where the financing source is Capital Project Fund 402 unassigned fund balance (4/5th vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a Resolution to:

- a. Find that the subject property transfer is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15061;
- b. Approve the Commercial Property Purchase Agreement and Escrow Instructions between the County and the Joan Miller Living Trust dated 9/25/96 to acquire two (2) parcels totaling 1.8 acres including two (2) commercial buildings totaling approximately 9,960 square feet located at 1011 Broadway Street in King City, California, identified as Assessor's Parcel Numbers 026-391-022 and 026-391-021, for the amount of \$1,825,000, for use by the Agricultural Commissioner's Office, pursuant to Government Code Section 25350.60;
- c. Authorize the Director of Public Works, Facilities, and Parks to execute the Commercial Property Purchase Agreement and Escrow Instructions and any related documents needed to complete the transaction, including, but not limited to, any future amendments to the Agreement subject to the review and approval of the Office of the County Counsel; and
- d. Authorize and direct the Auditor-Controller to amend the fiscal year 2021-22 Adopted Budget for Capital Projects, Fund 402, Appropriation Unit PFP056, to increase appropriations by \$1,848,000, where the financing source is Capital Project Fund 402 unassigned fund balance (4/5th vote required).

SUMMARY/DISCUSSION:

The Monterey County Agricultural Commissioner's Office (MCAC) currently occupies a group of buildings located at 522 North 2nd Street in King City, California which was previously occupied by the then Public Works Department (now referred to as the Public Works, Facilities, and Parks Department [PWFP]). In 2010 a Phase 1 Environmental Site Assessment and real estate market analysis was completed and revealed that the existing buildings at 522 North 2nd Street are no longer sustainable for PWFP or MCAC functions and operations. PWFP and MCAC have continued to occupy the North 2nd Street property, in a limited capacity, pending a more suitable replacement property to be identified to enhance operational efficiencies, customer service, and maintain a much-needed South County presence.

On May 19, 2021, the Board approved PWFP staff's recommendation to authorize MCAC and the Director of PWFP and/or their respective designees to initiate real property negotiations with the Joan Miller Living Trust dated 9/25/96 for two (2) parcels totaling 1.8 acres including two (2) commercial buildings totaling approximately 9,960 square feet located at 1011 Broadway Street in King City, California, identified as Assessor's Parcel Number 026-391-022 and 026-391-021 (the "Property") for future use by MCAC. PWFP staff commenced negotiations in consultation with MCAC and has successfully negotiated a purchase price of \$1,825,000 with mutually acceptable terms and conditions, including \$30,000 from the Seller for any needed repairs or improvements to the Property. The purchase of the Property is contingent on a property appraisal, property condition reports, and surveys, all of which will be completed during the County's due diligence period within escrow. The close of Escrow is tentatively scheduled to occur fifteen (15) days following the removal of all Buyer's due diligence contingencies. The purchase of the Property is also contingent on the Seller successfully completing a 1031 Exchange. In the event the Seller is not successful in completing a 1031 Exchange and cancels Escrow, the County will be reimbursed up to \$20,000 in due diligence costs as well as be refunded the County's earnest money deposit of \$36,500.

The Property consists of one 7,560+/- square foot commercial building occupied by existing tenants, and one 2,400+/- square foot commercial building occupied by a towing service. The County has the option to keep the current tenant leases in occupied spaces such as the existing bakery, phone store, and tow service businesses as active tenants until other County uses are identified. The total rent received from the bakery, phone store, and tow service businesses is approximately \$7,000 per month. The 7,560 square foot building contains 2,200+/- square foot church space that is on a month-to-month lease which is tentatively proposed to be used for the MCAC's new office space. Additionally, a 2,100+/- square foot warehouse adjacent to the church space is available for the MCAC's storage and warehousing needs. The Property is in close proximity to other private and public services that support ag-businesses operational activities and provides excellent visibility with easy access to Highway 101.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel-Risk Manager has reviewed and approved the Commercial Property Purchase Agreement and Escrow Instructions as to form. PWFP staff worked in consultation with MCAC staff during the negotiation period. PWFP Real Property staff will facilitate the escrow and

due diligence period in consultation with MCAC staff.

FINANCING:

If approved, the recommended action will increase appropriations in the fiscal year (FY) 2021-22 Adopted Budget for Capital Project Fund 402, Appropriation Unit PFP056 by \$1,848,000, financed by unassigned fund balance. The FY 2021-22 estimated beginning unassigned fund balance for the Agricultural Commissioner is \$3,188,971. The current Board of Supervisors approved Project funding in Fund 402 consists of Unclaimed Gas Tax Revenue to be used for agricultural purposes. Estimated costs include property purchase of \$1,825,000; due diligence costs consisting of property appraisal, property condition reports, and surveys of \$20,000; and escrow charges of \$3,000.

BOARD OF SUPERVISORS' STRATEGIC INITIATIVES:

If approved, this action supports the Board of Supervisors' Strategic Initiatives for Administration and Infrastructure. The addition of the Property for MCAC's use and the County's future use in the South Monterey County area fosters innovation and community benefit by improving efficiency and effectiveness of County services and administration. The purchase of the Property will establish a presence in the South Monterey County area and promote the use of best operations and adequate County facilities and infrastructure.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Ivo N. Basor, Management Analyst (831) 796-6427

Reviewed by: George K. Salcido, Real Property Specialist

Reviewed by: Lindsay Lerable, Chief of Facilities

Approved by: Randell Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities and Parks

Approved by: Henry S. Gonzales, Agricultural Commissioner

DocuSigned by:

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Attachments:

- Attachment A - Location Map
- Attachment B - 1011 Broadway Street Contract
- Attachment C - Resolution