



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

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**Agenda Date:** 1/14/2025

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**To:** Board of Directors, Sonoma County Water Agency  
**Department or Agency Name(s):** Sonoma County Water Agency  
**Staff Name and Phone Number:** Dan Mason 547-1967  
**Vote Requirement:** 4/5th  
**Supervisory District(s):** Third

**Title:**

Declaring Hewett Street Property Exempt Surplus Land, and Declaring Intent to Sell

**Recommended Action:**

Adopt a Resolution:

- A) Declaring real property owned by the Sonoma County Water Agency located at 330 Hewett Street in the City of Santa Rosa, Sonoma County, California, identified as Assessor's Parcel Number 010-700-015, surplus land.
- B) Declaring the property "exempt surplus land" pursuant to Government Code Section 54221 (f)(1)(N) et seq. ("Surplus Land Act").
- C) Declaring said property owned by Sonoma County Water Agency is not required for public use, is no longer necessary for the uses and purposes of Sonoma Water, and the disposition of the property will not adversely affect Sonoma Water in any respect.
- D) Authorizing and delegating authority to the General Manager of Sonoma County Water Agency to provide notification that Sonoma County Water Agency intends to sell the surplus land as "exempt surplus land" as required by Government Code Section 25520 et seq. and to hold an auction to sell the Hewett Street property.
- E) Set the date, time, and place for the auction; and the terms and procedures for opening and reviewing of sealed bids and oral bids for the purchase of the property.
- F) Authorizing and delegating authority to the General Manager of Sonoma County Water Agency to negotiate and execute a real property purchase agreement and any other related documents necessary to complete the transaction, in a form approved by County Counsel, subject to final approval of the Board of Directors. (Third District) (4/5th Vote Required)

**Executive Summary:**

This item requests that the Board of Directors ("Board") of Sonoma County Water Agency ("Sonoma Water") adopt a resolution presented by Sonoma Water which make findings that real property owned by Sonoma Water is "exempt surplus land" pursuant to the Surplus Land Act. The property is located at 330 Hewett Street in the City of Santa Rosa, Sonoma County, California, identified as Assessor's Parcel Number 010-700-015 ("Property"). The Property is approximately 29,209 square feet (0.67 acres), is not required for public use, is no longer needed for Sonoma Water uses and purposes, and the disposition of the property will not adversely affect Sonoma Water in any respect. Adopting the resolution will permit Sonoma Water to follow Government Code Section 25520 et seq. to hold an auction to sell the Property (Resolution 1).

Alternatively, your Board could adopt a resolution declaring the Property “surplus land” which will require Sonoma Water to offer the Property to local public entities and housing sponsors and allow these entities an opportunity to purchase the Property first at its fair market value pursuant to the Surplus Land Act. Prior efforts to sell the property to the Sonoma County Community Development Commission for affordable housing were not successful. This alternative resolution is provided for your Board’s consideration (Resolution 2).

**Discussion:**

The Property is currently a 29,209 square foot parcel containing a 1,168 square foot residence with a detached garage. The Sonoma County Assessor lists the building as being constructed in 1914. Sonoma Water acquired the Property in 2001 through a negotiated settlement with the property owner following the discovery of elevated concentrations of lead in the soil. The presence of lead was attributed to fill material that was placed on the property during construction of Sonoma Water’s Santa Rosa Creek Channel. As a condition of the negotiated settlement, Sonoma Water purchased the property for \$305,000.

Sonoma Water contracted with Environmental Resources Management, Inc. (“ERM”) to determine the extent and location of the contamination in the soil on the original property. With the input and cooperation of the North Coast Regional Water Quality Control Board, ERM located and mapped the extent and distribution of the contamination. As a result of this investigation, Sonoma Water determined that elevated lead exists only on the southerly portion of the original property. The investigation results provided a line separating the uncontaminated portion of the original property suitable for residential use from the portion of the original property containing the elevated lead. In 2015, Sonoma Water staff completed a lot line adjustment (LLA15-006) of the original property which created two separate parcels: the 29,209 square foot parcel to be sold for residential development (APN 010-700-015), and a 17,400 square foot parcel retained by Sonoma Water (APN 010-700-016). The second parcel is adjacent to Santa Rosa Creek and has been improved to incorporate a public access route to the Santa Rosa Creek Trail.

On May 12, 2015, the Board approved Resolution Number 15-0190 authorizing the General Manager of Sonoma Water to execute documents to obtain the lot line adjustment, and after the completion of the lot line adjustment, declare the Property surplus and authorize the General Manager to notify local and state agencies of the surplus declaration. The Resolution directed the General Manager to offer the Property for sale for the then current appraised market value of \$750,000 after completion of the lot line adjustment. Sonoma Water staff completed the lot line adjustment, however the time for the City of Santa Rosa to process the lot line adjustment raised concerns that the value of the Property may have increased during this period. A second appraisal was obtained in 2017 which valued the Property at \$880,000. Sonoma Water returned to the Board on December 19, 2017, to rescind the 2015 resolution.

On December 19, 2017, the Board approved Resolution Number 17-0509, rescinding Resolution 15-0190 and declaring the Property surplus and authorizing the General Manager of Sonoma Water to notify state and local agencies of the availability to purchase the Property.

On March 12, 2019, the Board approved Concurrent Resolution Number 19-0106, authorizing the sale of the Property to the Sonoma County Community Development Commission (“Commission”) for the price of \$750,000 which included the issuance of a loan to the Commission from Sonoma Water in the principal amount not to exceed \$200,000 to facilitate the purchase.

On April 16, 2019, Sonoma Water and the Commission entered into a Purchase and Sale Agreement (“Purchase Agreement”). The Commission was to finance the transaction with two loans: a Community Development Block Grant (CDBG) loan in the amount of \$550,000, and a Sonoma Water carry-back loan in the amount of \$200,000. The Purchase Agreement required that closing of the transaction was to occur within 120 days of signing of the Purchase Agreement. After extending Escrow multiple times to a final closing date of May 11, 2020, the transaction was never completed. The Commission was unable to secure the CDBG loan and determined that it no longer wished to purchase the Property and accordingly the parties entered into a new agreement to terminate the Purchase Agreement and execute closing instructions to cancel Escrow which was cancelled on January 5, 2022.

The house on the Property is currently uninhabitable and it has been a challenge to keep it safe and secure. Sonoma Water proposes to facilitate the disposal of the Property in a manner to expediate the sale because of the increasing cost of maintaining the Property by Sonoma Water staff. After holding the Property for over 20 years, Sonoma Water recommends remediating the current situation swiftly and recapture the capital spent to purchase the Property in 2001 and recover maintenance costs. A 2022 appraisal valued the “as-is” fair market price of the Property at \$775,000. The revenue gain from the sale of the Property would help offset current budgetary needs for capital improvements, repairs, and maintenance of existing Sonoma Water infrastructure.

In accordance with Section 65402 of California Government Code, Sonoma Water requested the City of Santa Rosa Planning Division determine whether the sale of the Property would conform with their General Plan. As the City of Santa Rosa Planning Division did not respond within 40 days to the request, per Section 65402 of the California Government Code, the sale of the Property is deemed to be in conformance with their General Plan.

The City of Santa Rosa’s General Plan Land Use for this parcel is Low-Density Residential. The Property is Zoned R-1-6-H-SA and can be developed into at least four residential lots with each lot allowed one single-family unit and an ADU (Accessory Dwelling Unit) and a JADU (Junior Accessory Dwelling Unit). The Property is located within the West End Preservation District with any proposed structure needing a Landmark Alteration permit. The housing permitting jurisdiction will be the City of Santa Rosa, with all questions regarding development of the Property being referred to the City of Santa Rosa. A successful buyer will work with the City of Santa Rosa to address all regulatory and development matters including zoning, entitlements, density, housing mix, as well as design. The Property will be conveyed subject to a State-mandated affordability housing covenant or transfer deed restriction requiring 15% of all housing units to be affordable if the Property is developed with 10 or more housing units (Government Code Section 54233.5).

The Surplus Land Act states, “...real property that is used by district for agency’s use...” may be disposed of by the Board taking, “formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency’s use. Land shall be declared either ‘surplus land’ or ‘exempt surplus land’ as supported by written findings...” This option for declaring the surplus Property either is available to the Board because Sonoma Water is a “District”, as defined by the Surplus Land Act.

Section 9 of Sonoma Water’s enabling act provides, “If the Board determines by resolution duly passed and entered in its minutes, that any [Sonoma Water] property, real or personal, is no longer necessary to be retained for the uses and purposes of [Sonoma Water], it may thereafter sell or otherwise dispose of said

property, or lease the same, in the manner provided by law for the disposition and sale of property of counties...”

If the Property is declared “exempt surplus land” Sonoma Water would provide a copy of the resolution to the California Department of Housing and Community Services (“HCD”) as required under the Surplus Land Act. HCD requires at least 30 days to complete their review. Once HCD approves the “exempt surplus land” declaration, Sonoma Water staff would then follow Government Code Section 25520 et seq. for the disposition and sale of property of counties and plan an auction to sell the Property to be held at the office of Sonoma Water located at 404 Aviation Boulevard in Santa Rosa. Sonoma Water would post public notification of the planned auction in compliance with Government Code Sections 25528 and 6063, and additionally notify all affordable housing developers that have notified HCD as interested in surplus land within Sonoma County along with local public entities that might be interested in purchasing the Property at the auction.

If the Property is declared “surplus land” Sonoma Water would be required to follow the Surplus Land Act and offer the Property to local public entities and housing sponsors first and allow these entities an opportunity to purchase the Property at its fair market value. All entities would have 60 days from receipt of Sonoma Water’s Notice of Availability to respond with their intention to purchase the Property. After Sonoma Water receives notice from a party intending to purchase the Property, Sonoma Water will enter good faith negotiations with that party for a period of not less than 90 days to determine a mutually satisfactory sale price. If Sonoma Water and the party reach an agreement for sale of the Property, Sonoma Water will return to the Board for approval of the sale to the respective buyer. If no parties respond, or if negotiations with any responding party does not produce an agreement for purchase of the Property, then Sonoma Water will need to return to the Board and request adoption of a resolution setting the terms and conditions for sale by auction, in accordance with Government Code Section 25520 et seq. for the disposition and sale of property of counties.

Sonoma Water staff recommends that the Board adopt Resolution 1 declaring the Property owned by Sonoma Water located at 330 Hewett Street in the City of Santa Rosa, Sonoma County, California, identified as Assessor's Parcel Number 010-700-015 “exempt surplus land” pursuant to the Surplus Land Act. Sonoma Water staff would follow the process outlined in Government Code Section 25520 et seq. to sell the Property and schedule an auction to be held at the office of Sonoma Water located at 404 Aviation Boulevard in Santa Rosa. Sonoma Water would return to the Board after the auction to approve the sale and authorize the General Manager of Sonoma Water to execute a transfer deed, and other documents required to dispose of the Property and finalize the sale.

**Strategic Plan:**

N/A

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

See Attachment 6

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY24-25 Adopted</b>	<b>FY25-26 Projected</b>	<b>FY26-27 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

No appropriations are required.

**Narrative Explanation of Staffing Impacts (If Required):**

None

**Attachments:**

- Resolution 1 Declaring Property Exempt Surplus Land
- Resolution 2 Alternative Resolution Declaring Property Surplus Land
- Attachment 1: Map
- Attachment 2: Purchase and Sale Agreement
- Attachment 3: Sealed Bid Form
- Attachment 4: Notice of Adoption of Resolution of Intent to Sell
- Attachment 5: Notice of Affordable Housing Requirement
- Attachment 6: List of Prior Board Actions
- Attachment 7: PowerPoint Presentation

**Related Items "On File" with the Clerk of the Board:**

None