



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 12/5/2023

To: Sonoma County Board of Supervisors

Department or Agency Name(s): Public Infrastructure

Staff Name and Phone Number: Johannes J. Hoevertsz, (707) 565-2550

Vote Requirement: 4/5th

Supervisorial District(s): First

Title:

Acquisition of real property at 15 Boyes Blvd., Boyes Hot Springs, CA

Recommended Action:

- A) Authorize the Clerk of the Board to publish a notice of intent to purchase real property located at 15 Boyes Blvd., Boyes Hot Springs, CA (APN 056-401-019) which consists of approximately 13,174 sq ft of commercially zoned vacant land.
- B) Authorize the Director of Sonoma County Public Infrastructure to execute a contingent property purchase agreement for acquisition of the subject real property substantially in the form of the agreement attached, for a purchase price of \$633,000, with payment of an earnest money deposit of \$50,000 and subject to County's satisfaction of due diligence investigations deemed appropriate by the County.
- C) Authorize the Director of Sonoma County Public Infrastructure to take all actions and execute all agreements and instruments required and recommended to facilitate the contemplated acquisition, including agreements for due diligence services, escrow instructions, certificate of acceptance and related transactional documents, in form approved by County Counsel.
- D) Subject to consultation with Permit Sonoma, process and file all required documentation for the proposed acquisition of the subject real property consistent with the California Environmental Quality Act (CEQA).
- E) Adopt a Resolution authorizing budget adjustments to the FY 23-24 Non-Departmental and Capital Projects Budgets in the amount of \$708,000 for transactional costs, due diligence expenses, payment of earnest deposit and balance of purchase price.

(First District) (4/5th Vote Required)

Executive Summary:

This item seeks Board authorization to: (i) proceed with potential acquisition of real property owned by Primavera Nueva, Inc., a California corporation ("Seller") located at 15 Boyes Blvd., Boyes Hot Springs, CA (APN 056-401-019) which consists of approximately 13,174 sq ft of commercially zoned vacant land ("Property"); (ii) enter into further negotiations regarding the purchase of the Property by County; and (iii) execute a Property Purchase Agreement, with purchase subject to final Board approval, for a purchase price equal to appraised value of \$633,000, and completion of all necessary and appropriate transactional costs and expenses, including due diligence expenses, environmental assessments, and title and escrow fees, and payment for the same currently expected to be

approximately \$75,000. The Property Purchase Agreement is contingent on successful completion of due diligence investigations and your Board's final approval of the acquisition.

Discussion:

The County is identifying and evaluating properties in the larger Boyes Hot Springs area for possible inclusion and redevelopment into a community plaza or the other community serving public space. The Property could potentially serve as land for inclusion in a future community place or other public serving space. The Property consists of approximately 13,174 sq ft of commercially zoned vacant land; it is not currently listed for sale and has not been listed for sale within the past three years. Instead, this opportunity to purchase has arisen through a voluntary offer made by Seller. The offer came after SPI Real Estate was introduced to Seller by the district Supervisor. Through SPI Real Estate's initial inquiries, the County learned of an opportunity to acquire the Property from Primavera Nueva, Inc., represented by Karen Waikiki as an officer.

Acquisition of the Property is an opportunistic one; it provides the County with strategic options to plan for potential future uses in the Boyes Hot Springs area, including options to: create additional parking to serve County and other local public needs, provide other government supported community services, and/or redevelop adjacent County-owned lands into a new community plaza.

County and the property owner previously executed nonbinding letters of intent to allow the County the opportunity to obtain an appraisal for the Property and communicate that value to the owner to seek agreement on purchase price. County Staff provided Seller with a summary of the appraisal, and the Seller has expressed a willingness to sell the Property for the appraised value.

The County owns or controls that certain real property commonly known as the Springs parking plaza located at the intersection of Highway 12 and Boyes Boulevard in the unincorporated community of Boyes Hot Springs, consisting of the surface parking area and containing +/- .41 acres ("County Parking Parcel"). The Property is directly adjacent to the County Parking Parcel, which surrounds the Post Office building located at 22 Boyes Blvd. (APN 056-402-001). A lack of parking along the Highway 12 corridor as it travels through Boyes Hot Springs has been noted, which negatively impacts local businesses.

The Property is under the zoning jurisdiction of the County of Sonoma and is currently zoned C2 (Retail Business and Services District) with a SR (Scenic Resources) overlay. In 2015, Sonoma County embarked on an effort to create a community-driven Specific Plan for the Boyes Hot Springs community, resulting in the issuance of a draft Springs Specific Plan ("Draft Specific Plan") in May 2022. The Draft Specific Plan identified the need for a community plaza and/or other public spaces to support community needs in the plan area. The Draft Specific Plan has not been formally adopted, but includes the goal to *"Develop a Centrally-Located Community Plaza"* which will provide a central gathering place where farmers markets, concerts, and other community events can take place to enhance the vitality of the Springs area."

Efforts to finalize the Springs Specific Plan will continue into at least 2024 and are managed and ultimately implemented by Permit Sonoma. Estimated costs to develop the space and operational costs would be determined in conjunction with later planning efforts for the parcel.

Staff seeks at least 90-day due diligence period so that it has time to identify any concerns associated with

the acquisition that could affect use and potential development into a community plaza. Due diligence efforts would likely include a Phase I/Phase II environmental assessment knowing that the Property previously contained a commercial building since demolished. If hazardous materials issues are identified, County will obtain estimated costs to remediate.

Proposed Purchase Agreement Terms.

County staff submitted a proposal to the Seller offering \$633,000 as a purchase price, and the Seller accepted County's proposal earlier this year. Staff is in the process of negotiating a Property Purchase Agreement (PPA), the general proposed terms of which are described below:

Purchase Price: \$633,000

Deposit: \$50,000 (due within 15 days of execution of the PPA)

Closing Conditions:

- 1) Seller presenting to the County clear, marketable and insurable title to the Property.
- 2) Seller will provide a Grant Deed conveying the Property to the County.
- 3) Completion of due diligence activities and satisfaction of the condition of the Property:
 - County will have at least 90 days to complete due diligence including: Review of Property reports and documents provided by Seller and complete any required CEQA review for the Property. County will hire an engineering firm for testing and inspections of the Property, including but not limited to its soils, environmental conditions, easements and encumbrances, governmental requirements, tentative map conditions, the availability of water and other utilities, and such other matters as County in its sole discretion may deem appropriate related to the Property.
 - Obtain an American Land Title Association (ALTA) survey of the Property and satisfactory ALTA title report for the Property.

Pending completion of due diligence and the Seller's potential correction any condition(s) found during the due diligence and as requested by County, staff the County will report back to your Board within 90 days of execution of the PPA on the findings of its due diligence investigations to date.

Closing Date: Close of escrow is contingent upon and will occur only after:

- 1) Satisfactory completion of due diligence, with a 30-day due diligence extension period if required by County to address any outstanding concerns regarding the Property;
- 2) Review by the County that the acquisition and continued office use of the Property is in conformance with the General Plan and CEQA; and
- 3) Final approval and authorization to consummate the purchase by your Board, expected to occur as soon as the first quarter of 2024.

County acquisition of the Property will require prior compliance with general plan review and California Environmental Quality Act (CEQA) requirements. County staff will consult with Permit Sonoma on method of compliance with CEQA and prepare and process all required CEQA compliance documentation with appropriate agencies prior to any acquisition.

County is considering the acquisition of the Property to provide the County with future options to serve county identified local needs, including provision of additional community services, additional parking and/or possible inclusion in a community public space. Staff recommends the Board proceed with authorizing the acquisition of the Property to provide the County with the aforementioned potential future options for use.

The Property is in the unincorporated area of Sonoma County. Pursuant to Government Code section 65402(a), County acquisition of Property for public use in an unincorporated area requires a general plan consistency report from the local planning agency, i.e., Permit Sonoma. Staff will coordinate with Permit Sonoma on that consistency report under the County's General Plan or the Springs Specific Plan when adopted.

Procedural Authority:

Government Code Section 25350 requires the Board to publish a notice of its intention to purchase property valued at more than \$50,000 for three (3) successive weeks before consummation of the purchase. If your Board takes the requested actions, this matter is scheduled to return to the Board in Q1 of 2024, for a report from staff regarding the findings from the due diligence investigations, and consideration for final approval and consummation of the proposed acquisition in accordance with the Government Code.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Organizational Excellence

Goal: Goal 1: Strengthen operational effectiveness, fiscal reliability, and accountability

Objective: Objective 1: Align the Board of Supervisor's strategic priorities, policy, and operational goals with funding and resources.

Racial Equity:

N/A

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

No

Prior Board Actions:

6/13/2016 – Annual Budget Hearings

3/29/2016 #29 – Reinvestment and Revitalization Fund Five-Year Plan

FISCAL SUMMARY

	FY 23-24 Adopted	FY 24-25 Projected	FY 25-26 Projected
Expenditures			
Budgeted Expenses			
Additional Appropriation Requested	\$708,000		
Total Expenditures	\$708,000		
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance	\$708,000		
Contingencies			
Total Sources	\$708,000		

Narrative Explanation of Fiscal Impacts:

Funding for acquisition of this Property is available through the Reinvestment and Revitalization fund in the Non-Departmental Budget which includes an earmark of approximately \$2,050,000 for the Springs Hub Plaza. This allocation was approved by your Board as part of the FY 2016-17 Reinvestment and Revitalization Budget and Five-Year Funding Plan. As part of this requested action, County Staff request Board approval of the attached Budget Resolution to increase the FY 23-24 appropriations by \$708,000 in order to complete the acquisition of real property located at 15 Boyes Blvd., Boyes Hot Springs, CA (APN 056-401-019). This includes up to \$75,000 for due diligence investigation (property condition assessment, an ALTA survey, and reimbursement for a prior property appraisal, and review of documents provided by the Seller, for county staff and counsel costs) and \$663,000 for property acquisition.

In addition, SPI staff has contacted the Ag + Open Space District about utilizing funding from their Acquisition Program and/or the Matching Grant program to fund any/all of the following costs: due diligence efforts, appraisal, closing related expenses, acquisition of the Property either at the time acquisition or on a reimbursement basis. Ag + Open Space has indicated that it would support the acquisition of the Property and development for use as a public civic plaza. If this transaction is completed, a matching grant application will be submitted to Ag + Open Space in the spring of 2024.

After due diligence is completed and contingencies are waived, staff will return to the Board for final approval and consummation of the proposed acquisition and any update on funding.

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

1-Notice of Intent

2-Proposed Property Purchase Agreement

3-Budget Resolution

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

None