

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # *B-5

Urgent

Routine

AGENDA DATE May 6, 2014

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Declare County Property Located at 700 17th Street, Modesto, California, Commonly Known as the Former Medical Arts Building, as Surplus and Adopt a Resolution Declaring the County's Intent to Sell the Surplus Property, Set the Minimum Price, Retain a Licensed Broker to Market the Property, and Related Actions

STAFF RECOMMENDATIONS:

1. Declare the County-owned property located at 700 17th Street, and the adjacent County-owned parking lot Modesto, California as surplus.
2. Adopt a Resolution by a four-fifths vote declaring the County's intent to sell the County-owned facility and property previously occupied by the Health Services Agency and known as the former Medical Arts Building located at 700 17th Street, Modesto. The Resolution shall further state:
 - a. The minimum sale price shall be set at \$1,363,603;
 - b. Sealed offers to purchase the property will be received and considered at the Chief Executive Office, 1010 10th Street, Suite 6800, Modesto, California, on June 11, 2014 at 10:00 AM; and

(Continued on Page 2)

FISCAL IMPACT:

The County acquired the property at 700 17th Street in downtown Modesto, California in 1992 at a purchase price of \$1,790,000. The Medical Arts Building (MAB) had previously been used for years by the County's Health Services Agency as an outpatient clinic. When the County's Clinic system was redesigned, the building was no longer needed, and has remained vacant since 2006. Prior to this action, staff has actively sought other public uses, and no short or long-term uses have materialized. The most recent comprehensive appraisal of the property in late 2013 identified the "as is" value of the property at \$1.5 to \$1.6 million. Recently, the County's appraiser provided a

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2014-220

On motion of Supervisor O'Brien, Seconded by Supervisor Monteith

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, Monteith, and Chairman De Martini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

This item was removed from the consent calendar for discussion and consideration.

4) Other:

MOTION: **Approved Staff Recommendations Nos. 1-4; and, amended the agenda item to remove the formal resolution from the item**

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

STAFF RECOMMENDATIONS: (Continued)

- c. Following the opening of sealed offers, potential purchasers will have an opportunity to participate in an oral auction, to be conducted by the County's Purchasing Agent Mr. Keith Boggs, so long as any price offered is at least 5% higher than the highest written price.
3. Direct the Clerk of the Board to make the appropriate publications in accordance with Stanislaus County Code 4.24.0308 regarding the sale of surplus real property.
4. In accordance with Stanislaus County Ordinance 4.24.030.D., direct staff to hire licensed real estate broker, Brekke Real Estate, Inc. and to authorize the payment of a total not to exceed 5% commission (from the proceeds of the sale) to be split between the County's broker and the purchaser's broker in the event a purchaser identified by Mr. Brekke submits a successful offer to purchase the property.

FISCAL IMPACT: (Continued)

summary update suggesting the maximum value should be \$1.4 million, given market conditions in the vicinity. The County's Real Estate Broker has developed an independent value assessment and suggests that \$1,363,603 is an appropriate minimum price, which is within the appraisal range.

The proceeds from the sale could be considered to support a new Veterans Services Center in the future. Two possible procurement options are recommended:

1. Outright purchase with minimum price: Cash: Security at time of offer of at least 10%; remittance of cash balance by a certain date (perhaps discount for cash); and
2. Installment sales contract: at least 25% down; with a 10-year Note secured by a First Deed of Trust.

County staff will reserve the right to reject all offers in the event no offer meets the minimum required price.

All offers will be required to execute a Non-Collusion Affidavit.

The work to list and dispose of this surplus property is recommended to be funded by existing appropriations out of the Chief Executive Office Capital Improvement Financing Authority Budget Unit, which provides funding for certain financial borrowing expenses and other professional staff service costs related to County financing initiatives.

DISCUSSION:

The County-owned property located at 700 17th Street in Modesto recommended as surplus consists of a two-story building structure of approximately of 37,463 gross square feet. The first and second floors together have roughly 23,368 gross square feet and of 17,782 rentable square feet. In addition the building has a basement for storage and underneath parking of 13,264 square feet. Across the street from the building structure the property includes 71 parking spaces located on three (3) parcels that are paved and striped.

A very complex process is required to sell surplus County property. State law allows a County to sell, lease or contract for the management of public property. Whenever the Board of Supervisors determines that real property belonging to the County is no longer necessary for County purposes, the Board of Supervisors may declare the property surplus and sell the property in the manner set forth in County Ordinance. However, before the Board can dispose of surplus property certain procedures must be followed. Prior to soliciting bids for the sale of public property the Board shall declare the property surplus, declare the Board's intent to sell the property and set a minimum selling price.

Following a minimum 3-week notice period, the property can be sold through a Request for Offers process to members of the private sector. It is recommended that local licensed real estate firm, Brekke Real Estate, Inc. be retained in order to ensure the maximum marketing of the property is performed and the maximum price for the property is obtained through the surplus process.

Request for Offers and Selection Process

The Board's Resolution stating its intent to sell surplus property must fix a time and place to receive purchase offers. It is recommended that the purchase offers be received on June 11, 2014 at 10:00 AM in the Chief Executive Office.

The Chief Executive Officer or his designee shall publicly open, examine and declare all proposals conform to all terms and conditions specified in the resolution. After opening, examining and declaring all purchase offers which conform to all

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terms and conditions specified in the resolution of intention to sell, the Chief Executive Officer or his designee shall call for oral bids.

In accordance with Stanislaus County Ordinance 4.24.030, if, upon the call for oral bidding, any responsible person offers to purchase the property, upon the terms and conditions specified in the resolution, for a price exceeding by at least 5 percent, the highest written proposal, such highest oral bid shall be determined to be the highest bid. In determining which proposal contains the highest price, any commission that may have been paid shall not be subtracted from the purchase price. It is recommended that the County's Purchasing Agent, Mr. Keith Boggs conduct the oral bidding.

The Board of Supervisors must approve the final acceptance of the highest bid. The Board of Supervisors may, in its sole discretion, agree to sell the surplus property or reject any and all bids, either written or oral.

If the Board of Supervisors accepts and approves a bid, the Board may direct the Chief Executive Officer or his designee, to execute a property deed transfer.

POLICY ISSUE:

The Board of Supervisors should decide if declaring the Medical Arts Building surplus property and the sale of the property is consistent with their priority of efficient delivery of public services.

STAFFING IMPACT:

Existing Chief Executive Office - Capital Projects staff, in conjunction with Capital Projects outside counsel, will manage this effort and provide the necessary support for the actions recommended in this item.

CONTACT:

Patricia Hill Thomas, Chief Operations Officer. Telephone: (209) 525-6333

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
STATE OF CALIFORNIA

Date: May 6, 2014

THE FOLLOWING RESOLUTION WAS ADOPTED:

**IN RE: Resolution to Declare the County's Intent to Sell Surplus Property located at
700 17th Street, Modesto, California**

WHEREAS, the County of Stanislaus owns property located at 700 17th Street, Modesto California, ("Property"), and

WHEREAS, the Property, commonly known as the Medical Arts Building, was previously occupied by the Health Services Agency, and is now vacant, and

WHEREAS, the Board of Supervisors has declared the Property as surplus, and
Whereas the Stanislaus County Code requires adoption of a formal resolution by a four-fifths vote, to declare the intention to sell surplus property owned by the County, and

WHEREAS, the recommended minimum sales price for the Property is \$1,363,603.

NOW, THEREFORE, be it resolved that the County Board of Supervisors does hereby declare its intention to sell the County-owned Property located at 700 17th Street, Modesto, California, and that sealed proposals for the purchase of the Property will be received at the Chief Executive Office, 1010 10th Street, Suite 6800, Modesto, California, on June 11, 2014 at 10:00 AM.



BOARD OF SUPERVISORS

William O'Brien, 1st District
Vito Chiesa, 2nd District
Terry Withrow, 3rd District
Dick Monteith, 4th District
Jim De Martini, 5th District

1010 10th Street, Suite 6500
Modesto, CA 95354

Phone: 209.525.4494 Fax: 209.525.4420

STANISLAUS COUNTY BOARD OF SUPERVISORS
NOTICE OF INTENTION TO SELL SURPLUS REAL PROPERTY

NOTICE IS HEREBY GIVEN that by resolution dated May 6, 2014, the Board of Supervisors of Stanislaus County declared the County's intent to sell the former Medical Arts Building and adjacent parking located at 700 17th Street, Modesto, California as surplus property.

- The minimum sales price for the subject property is \$1,363,603.00.
- Sealed proposals for the purchase of the Medical Arts Building will be received at the Chief Executive Office, 1010 10th Street, Suite 6800, (6th floor) Modesto, CA no later than June 11, 2014 at 10:00 a.m.
- Two Options for Sealed Proposals will be considered:
 1. Cash Purchase: Security at time of offer of at least 10%; remittance of cash balance by a certain date.
 2. Installment Sales Contract: at least 25% down; with a 10-year Note secured by a First Deed of Trust.
- The County has retained Brekke Real Estate, Inc. as the Real Estate Expert to assist the County in this transaction.
- A Maximum Commission of 5% from the proceeds of the sale is to be split between the County's Broker and the Purchaser's Broker in the event a purchaser is identified by the County's Broker.
- The County Reserves the Right to reject all proposals in the event no offer meets the minimum required price.
- Following the opening of sealed offers, potential purchasers will have an opportunity to participate in an oral auction, to be conducted by the County's Purchasing Agent, so long as any price offered in the oral auction is at least 5% higher than the highest written price. The oral auction is scheduled for June 11, 2014 at 2 p.m. at 10th Street Place, 1010 10th Street, Second Floor, Conference Room 2008.


For further information, interested persons may contact Patricia Hill Thomas of the Chief Executive Office at 209-525-6333 or at 1010 10th Street, Suite 6800, Modesto, California 95354.

BY ORDER OF THE BOARD OF SUPERVISORS

DATED: May 6, 2014

ATTEST: Christine Ferraro Tallman, Clerk of the Board of Supervisors of the County of Stanislaus, State of California

BY:


Elizabeth King, Assistant Clerk of the Board

**DECLARATION OF PUBLICATION
(C.C.P. S2015.5)**

**COUNTY OF STANISLAUS
STATE OF CALIFORNIA**

STANISLAUS COUNTY
BOARD OF SUPERVISORS
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For further information, interested persons may contact Patricia Hill Thomas of the Chief Executive Office at 209-525-6333 or at 1010 10th Street, Suite 6800, Modesto, California 95354. BY ORDER OF THE BOARD OF SUPERVISORS. DATED: May 6, 2014. ATTEST: Christine Ferraro Tallman, Clerk of the Board of Supervisors of the County of Stanislaus, State of California. BY: Elizabeth King, Asst. Clerk

Pub Dates May 10, 17, 24, 2014

I am a citizen of the United States and a resident Of the County aforesaid; I am over the age of Eighteen years, and not a party to or interested In the above entitle matter. I am a printer and Principal clerk of the publisher of **THE MODESTO BEE**, printed in the City of **MODESTO**, County of **STANISLAUS**, State of California, daily, for which said newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of **STANISLAUS**, State of California, Under the date of **February 25, 1951, Action No. 46453**; that the notice of which the annexed is a printed copy, has been published in each issue there of on the following dates, to wit:

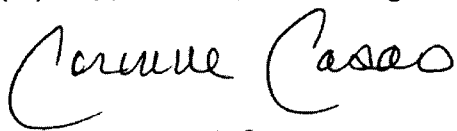
May 10, 2014, May 17, 2014, May 24, 2014

I certify (or declare) under penalty of perjury That the foregoing is true and correct and that This declaration was executed at

MODESTO, California on

May 24th, 2014

(By Electronic Facsimile Signature)



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