

**REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS  
OF SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT  
AND RECORD OF ACTION**

October 22, 2024

**FROM**

**DAN MUNSEY, Fire Chief/Fire Warden, San Bernardino County Fire Protection District  
TERRY W. THOMPSON, Director, Real Estate Services Department**

**SUBJECT**

Purchase and Sale Agreement and Joint Escrow Instructions with Global Federal Credit Union for the Acquisition of a Partially Improved Real Property in Hesperia

**RECOMMENDATION(S)**

Acting as the governing body of the San Bernardino County Fire Protection District:

1. Find that the acquisition of approximately 2.21 acres of real property, partially improved with an unfinished structure of approximately 10,693 square feet (Assessor's Parcel Number 0413-021-03-0000), located at 9626 Eighth Avenue in the City of Hesperia, is an exempt project under the California Environmental Quality Act Guidelines Section - 15301 Existing Facilities (Class I) and Section 15061(b)(3) (Common Sense Exemption).
2. Authorize the acquisition of approximately 2.21 acres of real property, partially improved with an unfinished structure of approximately 10,693 square feet (Assessor's Parcel Number 0413-021-03-0000), located at 9626 Eighth Avenue in the City of Hesperia, for the purchase price of \$1,600,000 plus an independent consideration payment, escrow expenses, title fees, and due diligence inspection costs estimated to be \$25,000, for a total estimated cost of \$1,625,000, for the San Bernardino County Fire Protection District, in accordance with Health and Safety Code Section 13861(b) and Government Code Section 25350.
3. Approve the Purchase and Sale **Agreement No. 24-1007** and Joint Escrow Instructions, including non-standard terms, with Global Federal Credit Union, to acquire said partially improved real property in Recommendation No. 2 upon close of escrow.
4. Authorize the Director of the Real Estate Services Department to execute escrow instructions, an acceptance certificate to affix to the grant deed to accept the real property in Recommendation No. 2, and any other documents necessary to complete this transaction, subject to County Counsel review.
5. Approve Capital Improvement Program Project No. 25-093 (WBSE 94.10.0007) to acquire 2.21 acres of real property, partially improved with an unfinished structure of approximately 10,693 square feet (Assessor's Parcel Number 0413-021-03-0000), located at 9626 Eighth Avenue in the City of Hesperia for the purchase price of \$1,600,000 plus an independent consideration payment, escrow expenses, title fees, and due diligence inspection costs estimated to be \$25,000, for a total estimated cost of \$1,625,000, for the San Bernardino County Fire Protection District.
6. Authorize the Auditor-Controller/Treasurer/Tax Collector to post budget adjustments, as detailed in the Financial Impact section (Four votes required).
7. Direct the Real Estate Services Department to file the Notice of Exemption in accordance with the California Environmental Quality Act.

(Presenter: Terry W. Thompson, Director, 387-5000)

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**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Improve County Government Operations.**

**Operate in a Fiscally-Responsible and Business-Like Manner.**

**Ensure the Development of a Well-Planned, Balanced, and Sustainable County.**

**Provide for the Safety, Health, and Social Service Needs of County Residents.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The purchase price for acquiring approximately 2.21 acres of partially improved real property, including an unfinished structure of approximately 10,693 square feet, Assessor's Parcel Number (APN) 0413-021-03-0000, located at 9626 Eighth Avenue in the City of Hesperia (Property), is \$1,600,000. In addition, there will be an independent consideration payment for San Bernardino County Fire Protection District's (SBCFPD) right to terminate the Purchase and Sale Agreement and Joint Escrow Instructions (PSA) on or before the expiration of the due diligence period. Escrow expenses, title fees, and due diligence inspection costs, estimated to be \$25,000, will bring the total estimated cost to \$1,625,000. This acquisition will be funded by SBCFPD through its North Desert Regional Service Zone Operating Fund (5900022442). The acquisition funding includes \$5,000,000 received from a Pass-Through Grant Subaward No. L12022-006 from the California Governor's Office of Emergency Services (Cal OES) in 2023, approved by the SBCFPD Board of Directors (Board) on March 28, 2023 (Item No. 58). Sufficient appropriation for the acquisition is included in SBCFPD's 2024-25 budget.

The following budget adjustments are necessary to purchase the Property:

<b>Fund Center</b>	<b>Commitment Item</b>	<b>Description</b>	<b>Action</b>	<b>Amount</b>	<b>WBSE</b>
7700003105	55415017	Fixed Assets Transfers In	Increase	\$1,625,000	94.10.0007
7700003105	54304030	Structures & Improvements to Structures	Increase	\$1,625,000	94.10.0007

**BACKGROUND INFORMATION**

The Property to be acquired is located at 9626 Eighth Avenue in the City of Hesperia and will serve as the North Desert Division Headquarters of SBCFPD for use as administrative office and classroom space for trainings. SBCFPD has outgrown its current facility with no room for expansion to add training rooms and continuing education accommodations and additional offices.

Global Federal Credit Union (Seller) acquired the Property through foreclosure after the former owner of the Property began construction of a restaurant structure but ceased construction prior to its completion. Based on initial site inspections and assessments, the Project and Facilities Management Department (PFMD) completed a Rough Order of Magnitude cost estimate of \$10,861,608 to renovate the Property to SBCFPD's standards, which would be in addition to the Property acquisition cost of \$1,600,000 plus the independent consideration payment, escrow expenses, title fees, and due diligence inspection costs estimated to be \$25,000. Following the acquisition of the Property, PFMD will refine the renovation cost and return to the Board for approval of the renovation project.

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The Real Estate Services Department (RESD) was approached by SBCFPD to negotiate the purchase price for the Property. While the asking price of the Property was \$1,890,000 (or approximately \$177 per square foot, which is calculated as the price of the Property divided by the square footage of the existing structure), RESD negotiated a purchase price of \$1,600,000 (or approximately \$150 per square foot).

Based on market data, RESD identified that the purchase of improved properties of similar design, construction, and utility in the High Desert region are valued at between \$250 per square foot and \$350 per square foot, depending on finishes and appointments. Such existing properties of similar size with similar improvements would also require significant renovation to meet SBCFPD standards, resulting in total acquisition and renovation costs that would match or exceed the estimated all-in cost of the Property. The locations of the potential alternative improved properties are not as centrally located as the Property, which is located near Hesperia City Hall, the Hesperia Police Station, and the County High Desert Government Center.

The PSA contains the following non-standard terms that differ from the standard SBCFPD contract terms:

1. SBCFPD's standard terms do not include a limitation of Seller's liability. However, the PSA provides that Seller's maximum liability under the PSA shall not exceed \$25,000.
  - Potential Impact: Seller caps its liability at a maximum of \$25,000 for all claims arising under the PSA, including those caused by Seller. Claims could exceed the liability cap, leaving SBCFPD without sufficient remedy to acquire the Property and/or for any damages. In addition, SBCFPD's liability under the PSA is not similarly limited.
2. SBCFPD will indemnify and hold the Seller harmless for claims arising out of SBCFPD's breach of its representation and warranty that no real estate brokers or agents have represented SBCFPD in the transaction. SBCFPD's standard contract does not include any indemnification or defense by SBCFPD of the other party.
  - Potential Impact: By agreeing to indemnify Seller and waiving the protection of sovereign immunity, claims that may otherwise be barred against SBCFPD, time limited, or expense limited, could be brought and SBCFPD would be responsible to reimburse Seller for costs, expenses, and damages, which could exceed the purchase price for the Property.

Approval of Recommendation No. 4 will authorize the Director of RESD to execute escrow documents, an acceptance certificate, and any other documents necessary to complete this transaction, including amended escrow instructions, subject to County Counsel review. The Director of RESD will not be authorized to execute any documents that would bind SBCFPD to any actions not contemplated by, or arising from, the transaction which is the subject of these recommendations.

The project to acquire the Property was reviewed pursuant to the California Environmental Quality Act and determined to be categorically exempt from further review under Class I, Section 15301 - Existing Facilities and Section 15061(b)(3) – Common Sense exemption. The proposed action is to purchase the partially improved Property for use as an administrative

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office building and classrooms for trainings. It can be seen with certainty that the action does not carry the potential for a significant effect on the environment.

The recommended actions align with SBCFPD and the Chief Executive Officer's goals and objectives to improve government operations in the County, operate in a fiscally responsible and business-like manner and ensure development of a well-planned, balanced, and sustainable County by authorizing SBCFPD to acquire the Property.

**PROCUREMENT**

SBCFPD is authorized to enter into the PSA for the purchase of this Property, pursuant to Health and Safety Code 13861(b) and Government Code section 25350. SBCFPD has complied with the publication requirements of Government Code section 6063, as well as provided the City of Hesperia notice pursuant to Government Code section 65402.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Agnes Cheng and Richard Luczak, Deputies County Counsel, 387-5455) on October 3, 2024; Risk Management (Whitney Fields, Director, 386-8623) on September 20, 2024; Auditor-Controller/Treasurer/Tax Collector (Charlene Huang, Auditor-Controller Manager, 382-7022) on September 27, 2024; Project and Facilities Management (Don Day, Director, 387-5000) on October 2, 2024; San Bernardino County Fire Protection District (Bertral Washington, Deputy Fire Chief, 387-5779) on September 24, 2024; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on September 24, 2024; Finance (Ivan Ramirez, Administrative Analyst, 387-4020, and Yael Verduzco, Principal Administrative Analyst, 387-5285) on October 7, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on October 7, 2024.

(KD: 665-0430)

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Record of Action of the Board of Directors  
San Bernardino County Fire Protection District

**APPROVED (CONSENT CALENDAR)**

Moved: Joe Baca, Jr. Seconded: Jesse Armendarez  
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Curt Hagman, Joe Baca, Jr.  
Absent: Dawn Rowe

Lynna Monell, SECRETARY

BY  \_\_\_\_\_  
DATED: October 22, 2024



cc: RESD - Thompson w/agree  
Contractor - c/o RESD w/agree  
File - w/agree  
MBA 10/23/2024