

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

January 24, 2023

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
GEORGINA YOSHIOKA, Director, Department of Behavioral Health**

SUBJECT

Acquisition of Improved Property for Behavioral Health Services in Victorville

RECOMMENDATION(S)

1. Find that the acquisition of improved property at 13333 Palmdale Road in the City of Victorville is an exempt project under the California Environmental Quality Act Guidelines Section 15301 (Class 1) Existing Facilities.
2. Approve the acquisition of approximately 29.47 acres, improved with nine single-story buildings, totaling approximately 17,770 square feet of building area, located at 13333 Palmdale Road in the City of Victorville (Assessor's Parcel Number 3105-191-11), along with certain personal property identified in the Purchase and Sale Agreement and Joint Escrow Instructions (Exhibit C), for the purchase price of \$2,000,000, subject to reduction based on due diligence findings, plus escrow and title fees estimated to be \$4,000, plus \$100 for independent consideration, for the Department of Behavioral Health, in accordance with Government Code section 25350.
3. Approve the Purchase and Sale Agreement and Joint Escrow Instructions (**County Contract No. 23-34**), which includes the Grant Deed (Exhibit B) and the Bill of Sale for the personal property (Exhibit D), between San Bernardino County and St. John of God Health Care Services, a California Nonprofit Public Benefit Corporation, to acquire said property.
4. Authorize the Director of the Real Estate Services Department to negotiate and approve any reductions in the purchase price of \$2,000,000 based on due diligence findings regarding the property in accordance with the terms of the Purchase and Sale Agreement and Joint Escrow Instructions.
5. Authorize the Director of the Real Estate Services Department to execute escrow instructions, the Bill of Sale for the personal property, and any other documents necessary to complete this transaction, subject to County Counsel review.
6. Direct the Clerk of the Board of Supervisors to file and post the Notice of Exemption as required under the California Environmental Quality Act.

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

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Improve County Government Operations.

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

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

FINANCIAL IMPACT

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Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The purchase price of \$2,000,000 plus escrow and title fees estimated to be \$4,000, plus \$100 for independent consideration for the County's right to purchase the property and to terminate the Purchase and Sale Agreement (Agreement) prior to the expiration of the due diligence period, is 100% funded by 2011 Realignment. Adequate appropriation and revenue have been included in the Department of Behavioral Health's (DBH) 2022-23 budget.

BACKGROUND INFORMATION

The acquisition of 29.47 acres, improved with nine single-story buildings, totaling approximately 17,770 square feet of building area, located at 13333 Palmdale Road (Assessor's Parcel Number (APN) 3105-191-11) in the City of Victorville (Property) will allow DBH to continue to provide Substance Use Disorder and Recovery Services (SUDRS) and expand SUDRS and Mental Health Services (MHS) to residents in the High Desert area. Services include withdrawal management, residential services, transitional living services, inpatient and outpatient services, and a state licensed day care facility. The continuation of these services is vital to the community and will allow DBH to provide for the safety, health and social service needs of County residents, which is consistent with County goals and objectives.

DBH provides MHS and SUDRS to County residents who are experiencing severe mental illnesses and/or substance abuse issues and are uninsured or on Medi-Cal, and individuals experiencing a behavioral health crisis.

In October 2021, DBH was approached by St. John of God Health Care Services (SJOG) regarding their intention to sell the Property and business operations and offered DBH the opportunity to purchase the Property. SJOG has been providing assistance and services to those who are struggling with addiction, poverty, and various other abuse and withdrawal support services in the High Desert since 1985. The potential closure of their Victorville facility would leave a huge void and need for services in the community.

DBH is required by the California Department of Health Care Services (DHCS) to meet Network Adequacy requirements, mandated by DHCS, for all levels of SUDRS. The services offered through the SJOG contract at this site assist DBH in meeting Network Adequacy time/distance standards for outpatient and residential treatment services. SJOG is the only residential treatment provider for the High Desert, serving surrounding communities in addition to the city of Victorville. DBH sees this as an opportunity to step in and continue to provide the vital services desperately needed in an underserved community.

At the request of DBH, the Real Estate Services Department (RESA) approached SJOG and negotiated a purchase price of \$2,000,000, which was determined by RESA to be fair market value. The Property is being sold to the County on an "as is with all faults" basis and does not include any indemnification provision for hazardous materials. However, the Agreement does provide for a due diligence period of 90 business days to allow for the conducting of tests and inspections of the Property, including surveys and architectural, engineering, geotechnical and environmental inspections and tests, and obtaining an estimate for costs to upgrade the electrical system or make any repairs subject to prevailing wage and Public Contract Code requirements as applicable. If the cost estimate obtained during due diligence is material, the Agreement provides that a reduction of the purchase price may be negotiated. This item authorizes the Director of RESA (Director) to negotiate and approve any reductions in the purchase price in accordance with the terms of the Agreement. The Agreement may also be terminated by the County during the due diligence period if the County is not satisfied with the

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Property. The Agreement includes the sale to the County of certain SJOG personal property. The personal property is itemized in the Agreement (Exhibit C).

Approval of this item will authorize the Director to execute the Bill of Sale for the personal property (Exhibit D to the Agreement), escrow documents, such as amended escrow instructions, property disclosures, notices (such as an election to proceed), contingency waivers, and settlement statements. This is necessary because a 90-business day due diligence period will follow execution of the Agreement and the Director will be authorized to act on inspection findings to either proceed to closing the transaction or terminate the Agreement. The Director will also accept the Grant Deed pursuant to the authority conferred by resolution adopted by the Board of Supervisors (Board) on March 27, 2012 (Item No. 75). The Director will not be authorized to execute any documents that would bind the County to any actions not contemplated by, or arising from, the transaction which is the subject of these recommendations.

It is recommended the Board find the Project to be categorically exempt from further review under Section 15301 (Class 1) Existing Facilities - the proposed acquisition and future operation and use occurs within city limits substantially surrounded by urban uses of the California Environmental Quality Act (CEQA) Guidelines (Title 14, California Code of Regulations). As evidenced by the Notice of Exemption, staff has reviewed the recommended action pursuant to CEQA and has determined it be categorically exempt from further environmental review.

PROCUREMENT

The purchase of this Property will be made by the County pursuant to Government Code section 25350. The County has complied with the publication requirements of Government Code section 6063, as well as provided the City of Victorville notice pursuant to Government Code section 65402.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Scott Runyan, Principal Assistant County Counsel, and Dawn Martin, Deputy County Counsel, 387-5455) on December 14, 2022; Behavioral Health (Jennifer Alsina, Deputy Director, and Emily Petrus, Administrative Supervisor, 388-0949) on December 9, 2022; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on December 9, 2022; Finance (Christopher Lange, Administrative Analyst, 386-8393, and Penelope Chang, Administrative Analyst, 387-4886) on January 5, 2023; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on January 6, 2023.

(JAG: 677-8210)

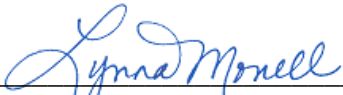
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: January 24, 2023



cc: RESD - Thompson w/agree w/CEQA & receipt
Contractor - C/O RESD w/agree
File - w/agree w/CEQA & receipt
CCM 01/25/2023