



# San Bernardino County

## Legislation Text

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**File #: 852, Agenda Item #: 48**

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

**August 20, 2019**

#### **FROM**

**TERRY W. THOMPSON, Director, Real Estate Services Department**

#### **SUBJECT**

Appraisal and Lease of Surplus Property in Chino by Public Auction

#### **RECOMMENDATION(S)**

1. Approve Appraisal No. 18-27, dated June 18, 2018, a copy of which is on file with the Real Estate Services Department.
2. Adopt Resolution declaring the intention to lease County-owned property consisting of approximately 46.15 acres of vacant land located on the southeast corner of Remington Avenue and Flight Avenue in the City of Chino [Assessor Parcel Numbers (APNs) 1055-061-01, 1055-061-02, 1055-071-01, 1055-071-02, and portions of 1055-051-01 and 1055-051-02], and authorizing a lease by public auction to be conducted by the Real Estate Services Department and to be held on October 24, 2019, in accordance with Section 25526 of the Government Code for a minimum estimated annual revenue of \$3,497,912 (Four votes required).
3. Approve re-enrolling 57.37 acres of County-owned vacant land, including said 46.15 acres, located on the southeast corner of Remington Avenue and Flight Avenue in the City of Chino [Assessor Parcel Numbers (APNs) 1055-061-01, 1055-061-02, 1055-071-01, 1055-071-02, 1055-051-01 and 1055-051-02] in the Williamson Act Program in accordance with Government Code Section 51295.
4. Authorize the Chairman of the Board to execute the Legislative Action Uniform Application and Notice of Non-Renewal of Land Conservation Contract and authorize payment to the City of Chino for the filing fees associated with processing this transaction estimated not to exceed \$1,400.
5. Confirm a finding of exemption and direct the Clerk of the Board to post a Notice of Exemption as required under the California Environmental Quality Act.
6. Authorize the Director of the Real Estate Services Department to execute any other documents, including documents pertaining to the re-enrollment and cancellation of the Williamson Act Program, necessary to complete this transaction.

(Presenter: Terry W. Thompson, Director, 387-5252)

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

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

**Pursue County Goals and Objectives by Working with Other Agencies.**

#### **FINANCIAL IMPACT**

The recommended actions will not result in the use of Discretionary General Funding (Net County Cost). The lease could result in revenue to the County of San Bernardino (County) of approximately \$3.5 million annually,

with fixed increases over the life of the lease. The minimum bid to lease this property by public auction must meet the following terms:

- 60-year lease term with options not to exceed 99 years.
- \$29 per square foot, 6% rate of return, and 3% annual escalations applied after every five-year increment of the lease term.
- 18-month entitlement period with the option to extend an additional six months upon the payment by Lessee of a \$300,000 non-refundable fee.
- Initial deposit of \$1,000,000 with 25% of the deposit, in the amount of \$250,000, to become immediately non-refundable upon acceptance of the bid at the auction applicable to the first year's rent.

The County will receive revenue for a minimum of a 60-year term in the amount of approximately \$537,136,854 as a result of leasing this property (1161161000).

A Notice of Non-Renewal for the Williamson Act Program will be filed with the City of Chino for an estimated filing fee of \$1,400 that stops the automatic annual renewals of the Williamson Act Contract.

### **BACKGROUND INFORMATION**

The recommended actions will re-enroll approximately 57.37 acres of County-owned land in the California Land Conservation Act of 1965 (Williamson Act) Program, will authorize the filing of the Notice of Non-Renewal of Land Conservation Contract with the City of Chino, and authorize a public auction to lease approximately 46.15 acres of said property (APNs 1055-061-01, 1055-061-02, 1055-071-01, 1055-071-02 and portions of APNs 1055-051-01 and 1055-051-02) located at the southeast corner of Remington Avenue and Flight Avenue in the City of Chino and east of the Chino Airport (Property).

The County acquired approximately 57.37 acres of land, which includes the 46.15-acre Property, through a Final Order of Condemnation, recorded as document 2017-0242929 on June 14, 2017, pursuant to an inverse condemnation claim. The County determined that it cannot identify a public project for the Property, excluding approximately 11.22 acres of property encumbered with the Chino Airport Runway Protection Zone (RPZ), and that the remaining 46.15 acres should be made available to the public for other allowable uses.

The Real Estate Services Department (RESO) appraised the Property as of May 23, 2018 and the market value was determined to be \$32,200,000 without an entitlement period. To maximize the value of this Property, RESO determined a long-term ground lease, commencing with an entitlement period and option agreement, would be advantageous and given the level of public interest, offering the lease by public auction would generate the most activity and highest price. The minimum bid terms are outlined in the Financial Impact section.

A copy of the form of option agreement and form of lease will be issued with the public bid package. After the winning bidder is selected, the option agreement and the lease will be presented to the Board of Supervisors for approval and execution at a future Board meeting.

The Property was previously enrolled in the Williamson Act Program, Contract No. 72-387, which was cancelled when the property was acquired by the County through settlement of an inverse condemnation lawsuit. Pursuant to Government Code Section 51295, the County must re-enroll the Property in the Williamson Act Program if it is to return to private use. The County will provide written notice to the State of California Department of Conservation, and the City of Chino, of the County's intent to lease the property to a private party for future development.

During the entitlement period, the winning bidder will be required to cooperate with the County and pay the fee for cancelling the Williamson Act Contract. RESO will file the Notice of Non-Renewal with the City of Chino

immediately following approval of this item, which stops the contract from renewing annually. The filing of the Notice of Non-Renewal is the first step required in the cancellation process, which will be completed by the winning bidder.

The conveyance of this Property was reviewed pursuant to the California Environmental Quality Act (CEQA) and determined to be categorically exempt from further environmental review in accordance with Section 15312 of the CEQA guidelines. The Lessee is obligated to comply with additional CEQA review for any development project proposed for the Property.

**PROCUREMENT**

Not applicable.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Robert Messinger, Principal Assistant County Counsel and Luke Wooley, Deputy County Counsel, 387-5455) on July 1, 2019; Finance (Ginger Roosa, Principal Administrative Analyst, 387-4883) on July 29, 2019; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on August 5, 2019.

(JG: 677-0477)