



San Bernardino County

Legislation Text

File #: 857, Agenda Item #: 50

**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

Amendment No. 2 to Purchase and Sale Agreement for the Sale of 74.57 Acres of Real Property Located at 8315 Merrill Avenue in Chino

RECOMMENDATION(S)

Approve Amendment No. 2 to Purchase and Sale Agreement No. 17-150 with Scannell Development Company, an Indiana Corporation, to extend the Entitlement Period an additional 68 days from August 10, 2019 to October 17, 2019, revise the close of escrow to occur 30 days following the expiration of the Entitlement Period, and to allow both parties to extend the close of escrow an additional 90 days upon mutual agreement in order to provide Scannell Development Company with the additional time necessary to obtain all entitlements from the City of Chino.

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

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

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

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

FINANCIAL IMPACT

This amendment will not result in the use of Discretionary General Funding (Net County Cost). There is no cost associated with executing this amendment and the proceeds of the sale of the 74.57 acres in the amount of \$65,500,000 will be placed in the County Buildings Acquisition and Retrofit Project budget (Fund 7700003100, WBSE 10100011). A previous item approved by the Board of Supervisors (Board) on August 5, 2014 (Item No. 44) specified this funding be allocated to the County Buildings Acquisition and Retrofit Project reserve, however, based on the estimated project needs for 2019-20 the department needs the proceeds from the sale to go directly into the project budget.

BACKGROUND INFORMATION

The recommended action will approve an amendment to the Purchase and Sale Agreement No. 17-150 (Amendment) between the County of San Bernardino and Scannell Development Company (Scannell) to extend the Entitlement Period an additional 68 days from August 10, 2019 to October 17, 2019, revise the close of escrow to occur 30 days following the expiration of Scannell's entitlement period, and to provide both parties with the ability to extend the close of escrow an additional 90 days upon mutual agreement to provide Scannell with the additional time necessary to obtain all entitlements from the City of Chino (City).

On April 4, 2017 (Item No. 35), the Board approved the sale of 74.57 acres of County-owned property [Assessor Parcel Numbers (APNs) 1054-391-02 and 03] located at 8315 Merrill Avenue in the City of Chino (Property) to Scannell for a purchase price of \$65,500,000, and approved the Purchase and Sale Agreement No. 17-150 (Agreement). Scannell was the highest bidder resulting from a public auction held on October 14, 2014 and supplied the required \$3,280,000 deposit on the day of the auction, which was deposited into escrow and is applicable to the purchase price. The escrow to sell the property was opened on April 10, 2017.

Scannell intends to construct all improvements and infrastructure, including extension of streets and utilities, on the Property. The Agreement provides an 18-month entitlement period with a one-time six-month extension of the entitlement period upon payment of a \$300,000 extension fee. The six-month extension was exercised by Scannell and the fee was paid directly to the County per the Agreement. The extension fee is non-refundable and applicable to the purchase price.

On March 19, 2019 (Item No. 30), the Board approved the First Amendment to the Agreement to extend the entitlement period an additional four months from April 11, 2019 to August 10, 2019, to provide Scannell with additional time to obtain all of its entitlements.

Scannell has been diligently working with the City to process its entitlements and had originally anticipated closing escrow in September 2019. Unfortunately, in July 2019, they experienced a delay in the approval process and as a result, requested the County extend the Entitlement Period and the Close of Escrow to allow Scannell additional time to work with the City to obtain the necessary approvals.

Approval of this Amendment by the Board at this time will not have any impacts. This Amendment will extend the Entitlement Period an additional 68 days from August 10, 2019 to October 17, 2019 and revise the Close of Escrow to occur 30 days following the expiration of the Entitlement Period to allow Scannell the additional time required to obtain the necessary approvals from the City of Chino for their entitlements. Both parties will be given the ability to extend the close of escrow for an additional 90 days, if necessary.

Environmental Review: The sale of the Property by public auction was reviewed pursuant to the California Environmental Quality Act (CEQA) and was initially determined to be exempt and the Clerk of the Board posted a Notice of Exemption on November 6, 2012 (Item No. 95). Scannell intends to construct an industrial development for which an Environmental Impact Review and Report (EIR) was prepared by Scannell with the City as the lead agency. The EIR is currently under review by the City. The County has fulfilled its obligations under CEQA.

PROCUREMENT

On April 4, 2017 (Item No. 25), the Board approved Contract No. 17-150 (procured by public auction held on October 14, 2014) according to County Policy 12-17, which allows for property that is no longer needed and has no economic reason for retention to be declared surplus and disposable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Robert Messinger, Principal Assistant County Counsel, 387-5455) on July 29, 2019; Finance (Ginger Roosa, Principal Administrative Analyst, 387-4883) on July 30, 2019; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on August 6, 2019.

(JG: 677-0477)