



STAFF REPORT

MEETING DATE: September 13, 2023

PRESENTER: John Jansons, City Manager

SUBJECT: Authorization for Purchase of Real Property APNs 023-204-14SU, 023-204-16SU and 023-20409 for new Community Public Safety Center (JAJ)

RECOMMENDATION: Council by motion adopt resolution approving the Purchase and Sale Agreement and Joint Escrow instruction for real property known as the land, building and improvements, identified as APN 023-204-14SU, 023-204-16SU Annex) and an unimproved lot compromised of approximately 6,000 square feet, identified as APN 023-204-06 (Lot) from the Barcus Family Limited Partnership, a California limited partnership (Barcus FLP) and S & K Moran Family Limited Partnership, a California limited partnership in the amount of \$2,945,740.00 subject to Planning Commission's finding of conformity with the General Plan.

EXECUTIVE SUMMARY:

The Council has had a long standing goal of developing a new police facility to replace the undersized and inadequate facility at 850 S. Madera. As a Measure M priority project, staff began examining options for constructing a new facility on City-owned land adjacent to the existing facility. The Council commissioned a Needs Assessment to design an adequate replacement facility. The Needs Assessment was completed in 2022 and revealed challenges with the proposed location and cost of a new facility.

As the Needs Assessment was nearing completion, and in light of the information being prepared that suggested site constraints and high cost for new facility, Staff began to explore other options for development of the new facility. This effort resulted in the identification of the Annex Building (APN 023-204-14SU and 023-204-16SU). This building was no longer needed by the Seller and could be remodeled into a new community public safety center at a lower cost and quicker delivery time than a newly constructed building.

Staff also identified an adjacent vacant Lot, APN 023-204-09 ("Lot") and negotiated a purchase offer that that property as well. This property is proposed for development as a secured, additional parking area.

A Phase I Environmental Site Assessment (ESA) was conducted on both properties and a follow-up limited Phase II ESA was conducted on the Annex Building property to determine that both properties were free from known environmental defects.

The proposed purchase price(s) were determined to be the Fair Market Value of both properties following a jointly commissioned Appraisal by Buyer and Seller.

Those efforts have culminated in Attachment 'B', Purchase and Sale Agreement and Joint Escrow Instructions which is Exhibit 'A' to the Resolution.

The purchase price for the Annex is Two Million Eight Hundred Sixty Thousand and No/100 Dollars (\$2,860,000.00). The purchase price for the "Lot" is Eighty-Five Thousand Seven Hundred Forty and No/100 Dollars (\$85,740.00). The total purchase price for both properties is Two Million Nine Hundred Forty-Five Thousand Seven Hundred Forty and No/100 Dollars (\$2,945,740.00).

Seller is currently a party to that certain equipment lease for the lease of the cell tower affixed to the Annex ("Monopole Lease") which has been disclosed to Buyer. As a condition of this Agreement, Seller shall assign, and Buyer shall assume, Seller's rights, title, interest and obligations under the Monopole Lease, pursuant to that certain Assignment Agreement as described in Exhibit B of the PSA.

Finally, this transaction provides for lease back provision allowing the seller to use a portion of the property, the warehouse, for storage until they are able to find an alternative location. The Lease shall commence on the Closing Date and continue for a period of up to nine (9) months, and shall comprise approximately 3,660 square feet of the shop portion of the Annex, which shall be leased at a rate of \$1.10 per square foot ("Leaseback Space"), as depicted on Exhibit C, as described in Exhibit B of the PSA.

Following Council approval, and concurrent with opening of Escrow, the City will deposit Thirty Thousand and No/100 Dollars (\$30,000.00) (Deposit) with Chicago Title as a good faith deposit. This purchase will be funded by Measure M reserves funds. Future improvement and remodeling costs to complete and open the new facility have yet to be determined, but are anticipated to be in the range of five to eight million dollars (\$5,000,000 to \$8,000,000) depending on final facility design and pricing.

The additional funds needed to complete the project are anticipated to come from a combination of sources, including: General Fund Reserve, Measure M Reserve, and the three million dollar (\$3,000,000) award granted to the City by the State of California through the lobbying and advocacy efforts of Assembly Member Esmerelda Soria and the City.

ATTACHMENTS:

- A. Resolution
- B. Purchase and Sale Agreement and Joint Escrow Instructions.

Attachment 'A'

RESOLUTION 23-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN, CALIFORNIA APPROVING THE PURCHASE SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS WITH BARCUS FAMILY LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP AND S&K MORAN FAMILY LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP IN THE AMOUNT OF TWO MILLION NINE HUNDRED FORTY-FIVE THOUSAND SEVEN HUNDRED FORTY AND NO/100 DOLLARS (\$2,945,740.00) FOR APNS 023-204-14SU, 023-204-16SU AND 023-204-09 FOR NEW COMMUNITY PUBLIC SAFETY CENTER

RECITALS

WHEREAS, the City of Kerman has long sought to replace its undersized and outdated Police Station facility, and

WHEREAS, the Measure M funding program proposed a new Police Station Facility as a priority project of the program, and

WHEREAS, the City undertook a Needs Assessment to develop a new facility on City owned land which revealed the proposed site was overly constrained resulting in additional costs unavailable to the City, and

WHEREAS, City Staff undertook an alternative site search for a suitable location to develop the new Police Facility, and

WHEREAS, a property was identified that was available and would better suit the City's needs, result in lower cost and a faster delivery time for a new Police Station ("Community Public Safety Facility"), and

WHEREAS, an appraisal was commissioned to determine the fair market value of the property and adjacent vacant lot, and

WHEREAS, a Phase I Environmental Site Assessment (ESA) was conducted on both properties and a follow-up, limited Phase II ESA was conducted on the Annex Building property to determine that both properties were free from known environmental defects.

WHEREAS, Staff completed negotiations for the proposed purchase resulting in a total purchase price for both properties, the "Annex" Building (APN 023-204-14SU and 023-204-16SU) and vacant lot, APN 023-204-09 of Two Million Nine Hundred Forty-Five Thousand Seven Hundred Forty and No/100 Dollars (\$2,945,740.00).

NOW, THEREFORE, the City Council of the City of Kerman, California resolves as follows:

- Section 1. The above recitals are true and correct and incorporated herein by reference.

- Section 2. The City Council approves the Purchase and Sale Agreement and Escrow Instructions attached as Exhibit A and incorporated by reference.
- Section 3. The City Manager is authorized to implement the Agreement and to execute any necessary documents.
- Section 4. Authorize and direct the Director of Finance to Deposit into Escrow Good Faith Down Payment of Thirty Thousand Dollars (\$30,000).
- Section 5. This Resolution is effective upon adoption or upon Planning Commission's finding of conformity per Government Code section 65402.

The foregoing Resolution was considered by the City Council to the City of Kerman at a regular meeting of said Council held on this 13th day of September 2023, and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby approved.

ATTEST:

Maria Pacheco
Mayor

Marci Reyes
City Clerk