

## 2013 SURPLUS REAL PROPERTY ANNUAL REPORT TO THE STATE LEGISLATURE



Image: Lanterman Developmental Center, Pomona, Los Angeles County

Compiled by: Asset Management Branch Real Estate Services Division November 2013

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### Overview

The Department of General Services (DGS) prepares the Surplus Real Property Annual Report to the State Legislature pursuant to Government Code Section 11011.

The 2013 Surplus Property Report contains a summary of the status of the following categories of surplus real properties:

- Properties that have been sold or otherwise removed from the state's property rolls since the *2012 report*.
- Properties that have been authorized as surplus and are pending disposition, including Capital Area Development Authority (CADA) properties.
- Properties that have been identified as excess.
- Properties which had the surplus authorization rescinded or for which a rescission of the surplus authorization has been requested in response to a state need for the property.

#### **Capital Area Development Authority (CADA) Properties**

CADA is a joint powers authority (JPA) created in 1978 between the State of California and the City of Sacramento to be responsible for residential and neighborhood commercial development on state-owned land within the Capitol Area in downtown Sacramento. CADA's primary functions are property management of existing housing and commercial properties owned by the state and development of new housing and commercial properties on land owned by the state. Since its inception, CADA has overseen over \$100 million in public and private commercial and residential developments, including over 850 residential infill units.

The Governor's 2011-12 Budget May Revision included the initiative to reduce the state's property footprint by selling those properties no longer needed for the state's programmatic purposes, including the properties owned by the state and managed by CADA. Section 2A of this report describes CADA properties that have been identified for disposition.

In July 2013, CADA's Executive Director, with the approval of the CADA Board of Directors, provided the director of DGS with a proposal for the reorganization of CADA, which would replace the state in the JPA, and provide for the transfer of the CADA-managed portfolio of properties to the new JPA. The proposal is under consideration as of the date of this report.

#### The Asset Enhancement and Surplus Sales Program

The Asset Enhancement and Surplus Sales Unit of the Asset Management Branch (AMB) of DGS, operating in a manner consistent with Executive Order S-10-04, is

responsible for the disposition of state-owned real property that has been declared surplus to future state needs. The Legislature must declare the real property to be surplus and must authorize the Director of DGS to sell, exchange, lease, or transfer the surplus real property pursuant to Government Code Section 11011 et seq. The objective of the program is to sell or otherwise dispose of surplus property in the best interest of the state by achieving maximum value, maximizing job creation, creating affordable housing, facilitating historic preservation and reuse, and returning property to local tax rolls. The state receives the highest sales price for high-value urban properties by utilizing a value enhancement process to secure development entitlements prior to offering the property for sale. Smaller, lower-value properties that have limited value enhancement potential are typically sold on an "as-is" basis through a public bid or auction process. For more information on surplus property, visit the DGS Surplus Property Website.

Questions or comments regarding the 2013 Surplus Property Report can be directed to Robert W. McKinnon, Assistant Branch Chief, AMB at (916) 376-1814 or by email to <u>Robert.McKinnon@dgs.ca.gov</u>.

## **State Agency Abbreviations**

CADA	Capitol Area Development Authority
CDCR	California Department of Corrections and Rehabilitation
CDF	California Department of Forestry and Fire Protection (aka CALFIRE)
CHP	California Highway Patrol
CON	Department of Conservation
DDS	Department of Developmental Services
DOF	Department of Finance
DGS	Department of General Services
DMV	Department of Motor Vehicles
DPR	Department of Parks and Recreation
EDD	Employment Development Department
MIL	Military Department

## Section 1: Properties Sold or Removed from State Rolls in 2012-13—Sales

County	Agency	Property	Acres	Sale Amount	Authority
Los Angeles	DGS	Civic Center, Los Angeles	2.00	\$7,500,000	Chapter 1265, Statutes of 1982

#### Comments:

This property was the site of a former state office building that suffered earthquake damage in the 1970's. The property had generated significant parking revenue for the state prior to development of the new adjacent Los Angeles County park. It was determined that the property was not needed for future state uses and the property was sold on June 5, 2013 to the City of Los Angeles for \$7,500,000. The City of Los Angeles purchased the property for park purposes.

County	Agency	Property	Acres	Sale Amount	Authority
Madera	DPR	Hidden Lake Estates, Unincorporated Area	1.52	\$7,500	Chapter 178, Statutes of 2011

#### Comments:

The property was sold in December 10, 2012 to a private buyer for \$7,500. The Department of Parks and Recreation originally acquired the property through a gift from a subdivision developer to construct a boat launch. The boat launch was never built.

County	Agency	Property	Acres	Sale Amount	Authority
Santa Clara	DDS	Agnews Developmental Center, San Jose	1.73	\$2,500,000	Chapter 166, Statutes of 2009

#### Comments:

The property was leased to O.L.S. Energy-Agnews for a cogeneration plant operated by Calpine Corporation which provided steam and electricity to the former Agnews Developmental Center-East Campus. The property was sold to Calpine in October of 2012. The termination of the lease agreement and the sale of the parcel unencumbered the balance of the 81 acres of surplus property at the Agnews campus.

#### TOTAL

#### \$10,007,500

## **Section 2: Properties Pending Disposition**

County	Agency	Property	Acres	Estimated Value	Authority
Amador	CDCR	Ione Single Family Residence	0.6	\$150,000	Chapter 798, Statutes of 2012

#### Comments:

The State conducted a sealed bid public sale on October 31, 2013. DGS expects to close escrow in 2014. This property was used for employee housing at the former Preston Youth Authority.

County	Agency	Property	Acres	Estimated Value	Authority
Butte	EDD	Office Building, Oroville	1.17	TBD	Chapter 178, Statutes of 2011

#### Comments:

EDD will vacate in 2014. DGS plans to offer the property pursuant to a competitive bid process once the site is vacant.

County	Agency	Property	Acres	Estimated Value	Authority
Glenn	MIL	Willows Armory	2.84	TBD	Chapter 798, Statutes of 2011

#### Comments:

The Military Department has identified this property as excess. The disposition of the armory will be pursuant to a competitive bid process in 2014. Proceeds will be deposited into the Armory Fund.

County	Agency	Property	Acres	Estimated Value	Authority
Humboldt	CDF	Fernwood Seed Orchard, Korbel	5.52	TBD	Chapter 761, Statutes of 2008

#### Comments:

The disposition of this parcel is on hold pending an exchange between CALFIRE and the Green Diamond Resources Company, a forest products company. Green Diamond owns adjacent property that may be more suitable for CALFIRE's operational needs.

County	Agency	Property	Acres	Estimated Value	Authority
Los Angeles	CDCR	Southern Youth Correctional Reception Center & Clinic, Norwalk	32	TBD	Chapter 342, Statutes of 2012

CDCR has closed the facility. DGS is negotiating with the County of Los Angeles to purchase or lease the property. Per SB 1021, the County has until January 1, 2015 to either purchase or lease the property at market value. If the County declines to purchase or lease the property, DGS will offer the property for sale to other governmental entities and the public.

County	Agency	Property	Acres	Estimated Value	Authority
Los Angeles	CON	Beaudry Street Residential Lot, Los Angeles	0.09	\$200,000	Chapter 761, Statutes of 2008

#### Comments:

The Beaudry residential lot has soil and groundwater contamination due to former oil well operations on the property. The Department of Conservation has agreed to a "Recommended Approach to Address Environmental Matters". This report will provide steps and costs for the implementation of a Remedial Action Plan and secure regulatory closure. A project kick off meeting is scheduled for November 2013. Work on this report will begin immediately.

County	Agency	Property	Acres	Estimated Value	Authority
Los Angeles	EDD	Hollywood Office Building, Los Angeles	1.62	\$12,700,000	Chapter 178, Statutes of 2011

#### Comments:

The buyer, a nonprofit affordable housing sponsor, signed a Purchase and Sale Agreement (PSA) on October 25, 2013, to purchase the property and deposited \$254,000 in escrow. The state will execute the Purchase Sale Agreement accepting the buyer's offer of \$12,700,000 on December 23, 2013. The sale will conclude in 2014. The federal Department of Labor owns the equity in the property. Sale proceeds will be invested in the state's Unemployment Insurance fund.

County	Agency	Property	Acres	Estimated Value	Authority
Los Angeles	DDS	Lanterman Developmental Center (LDC), Pomona	300	TBD	Chapter 417, Statutes of 1996 / Chapter 25, Statutes of 2013

In February 2010, DDS announced the planned closure of the facility. Chapter 25 of the Statutes of 2013 (AB 89) set the closure date for the LDC for December 31, 2014. DGS received a letter from California State Polytechnic University Pomona (Cal Poly Pomona) on August 9, 2013, requesting DGS to transfer jurisdiction of this site to the university. DGS also received notice of interest from the CHP for a 5-acre field office. DGS has discussed Cal Poly Pomona's letter with DOF and per a DOF request, Cal Poly provided DGS with information regarding their proposed uses for the Lanterman property. On September 25, 2013, DGS staff met with DOF to review the Cal Poly Pomona proposal and to discuss terms for a Transfer of Jurisdiction (TOJ). DOF was to consider notifying Cal Poly Pomona if a TOJ would require Cal Poly Pomona to pay fair market value for the property. A decision is pending.

County	Agency	Property	Acres	Estimated Value	Authority
Los Angeles	CDCR	Nelles Youth Correctional Center (former California Youth Authority), Whittier	75	\$42,500,000	Chapter 925, Statutes of 2004

#### Comments:

The State is under contract to sell the 74-acre surplus property in Whittier to Brookfield Homes. The sale is contingent upon the buyer securing development entitlements from the City and a certified Environmental Impact Report. Escrow will close no later than March of 2015.

County	Agency	Property	Acres	Estimated Value	Authority
Los Angeles	CDCR	Watts Parole Office	0.36	\$780,000	Chapter 798, Statutes of 2012

#### Comments:

The County of Los Angeles provided written notice of intent to acquire the property as a priority buyer pursuant to Government Code Section 11011.1. The state approved the County's fair market value appraisal of \$780,000. On December 3, 2013, the County will be notified of their selection to receive the property. A purchase contract must be signed within 60 days thereafter. On January 28, the County Board of Supervisors will consider

the execution of the purchase agreement. Escrow will close within 60 days of the state's execution of the agreement.

County	Agency	Property	Acres	Estimated Value	Authority
Los	EDD	Office Building,	1.68	TBD	Chapter 178,
Angeles	EDD	Los Angeles	1.00	עסו	Statutes of 2011

#### Comments:

EDD will vacate in 2014. DGS plans to offer the property pursuant to a competitive bid process once the site is vacant.

County	Agency	Property	Acres	Estimated Value	Authority
Los Angeles	MIL	Compton- Parmelee Armory	4.59	TBD	Chapter 798, Statutes of 2012

#### Comments:

The Military Department has identified this property as excess. The disposition of the armory will be pursuant to a competitive bid process in 2014. Proceeds will be deposited into the Armory Fund.

County	Agency	Property	Acres	Estimated Value	Authority
Mendocino	DGS	Ranger Station Excess Land, Willits	53	\$350,000	Chapter 166, Statutes of 2009

#### Comments:

On January 31, 2012, DGS forwarded a transfer of jurisdiction approval package to the DOF for approval of the transfer of the property to CALFIRE at no cost. CALFIRE currently uses the surplus property for its fire fighting and training programs. As of November 2013, DOF is still reviewing the justification provided by CALFIRE and expects to approve or disapprove the no cost transfer of the property in 2014.

County	Agency	Property	Acres	Estimated Value	Authority
Monterey	CDCR	Salinas Valley Prison, Soledad	33.50	\$400,000	Chapter 761, Statutes of 2008

#### Comments:

The Director of DGS is authorized to sell, lease, convey, or exchange this acreage to the City of Soledad as a component of the upgrading and expansion of the Soledad Water Reclamation Facility. The facility serves the City of Soledad and the Salinas Valley Prison. The City has indicated they no longer need the property. CDCR may request that the property be removed from the surplus list.

County	Agency	Property	Acres	Estimated Value	Authority
Nevada	MIL	Nevada City	1.42	\$1,000.000	Chapter 798
City		Armory	1.42	φ1,000,000	Statutes of 2012

Property is being sold under Military & Veterans Code section 435. Sealed bid sale scheduled for December 6, 2013, with an expected close of escrow in early 2014. Proceeds will be deposited into the Armory fund.

County	Agency	Property	Acres	Estimated Value	Authority
Placer	DMV	Field Office, Roseville	1.1	\$650,000	Chapter 324, Statutes of 2010

Comments:

DMV vacated the property and an appraisal of the property is pending. The Property will be sold pursuant to a competitive bid process in 2014.

County	Agency	Property	Acres	Estimated Value	Authority
Sacramento	DPR	The Docks and Rail Road Museum Parcels, Sacramento	6.00	\$2,400,000	Chapter 761, Statutes of 2008

#### Comments:

The Director of DPR, with the approval of the Director of DGS, is authorized to exchange or sell this property to the City of Sacramento. The date for the disposition of this property is being negotiated between the City and DPR. The transfer is contingent upon resolution of issues regarding the development of the downtown rail yard property and abandonment of a pipeline.

County	Agency	Property	Acres	Estimated Value	Authority
Sacramento	MIL	58th Street Armory	6.00	\$1,100,000	Chapter 761, Statutes of 2008

#### Comments:

This legislation directs DGS to grant this property to the Roman Catholic Bishop at fair market value by an option to purchase. This property is scheduled to sell as soon as a replacement facility is available. The anticipated sale date is 2014. Proceeds will be deposited into the Armory Fund.

County	Agency	Property	Acres	Estimated Value	Authority
San Diego	CAL FIRE	Forest Fire Station (Old), San Marcos	0.33	TBD	Chapter 761, Statutes of 2008

Attempts to sell the property by competitive bid were unsuccessful due to groundwater and soil contamination. San Diego County rejected CALFIRE's plan to mitigate the contamination by attrition over time, and the County subsequently requested CALFIRE to develop a new mitigation plan. CALFIRE will manage the environmental clean-up efforts, and DGS will resume the disposition process when the site is clear of environmental issues.

County	Agency	Property	Acres	Estimated Value	Authority
San Francisco	DGS	Parking Lot, San Francisco	0.39	\$5,000,000	Chapter 761, Statutes of 2008
FIANCISCO		San Flancisco			Statutes of 2000

#### Comments:

This property was acquired through an exchange by DGS with the City and County of San Francisco. The State currently receives \$53,000 annually from the lease of the parcel to a private parking operator. DGS and EDD will discuss the feasibility of assembling an adjacent 0.29 acre parcel that is used as a surface parking lot for EDD employees. DGS will then evaluate the sales process that will maximize the value of the property.

County	Agency	Property	Acres	Estimated Value	Authority
San Joaquin	EDD	Office Building, Stockton	1.42	TBD	Chapter 798, Statutes of 2012

#### Comments:

EDD will vacate in 2014. DGS plans to offer the property pursuant to a competitive bid process once the site is vacant.

County	Agency	Property	Acres	Estimated Value	Authority
Santa Clara	DDS	Agnews Developmental Center, San Jose	84.3	\$100,000,000	Chapter 166, Statutes of 2009

#### Comments:

A Request for Proposals has been released for the sale of the remaining Agnews campus. Proposals are due on November 21, 2013. Following a review of all proposals, a buyer will be selected for exclusive negotiation in early 2014. Schedule for the close of

escrow will be subject to the buyer's intended use of the property and obtaining development entitlements from the City of San Jose.

County	Agency	Property	Acres	Estimated Value	Authority
Sanama	MIL	Healdsburg	0.00		Chapter 798,
Sonoma		пеанозригу	2.00	TBD	Statutes of 2012

Comments:

The Military Department has identified this property as excess. The disposition of the armory will be pursuant to a competitive bid process in 2014. Proceeds will be deposited into the Armory Fund.

County	Agency	Property	Acres	Estimated Value	Authority
Tehama	CAL FIRE	Campbellsville Lookout, Red Bluff	5.00	TBD	Chapter 178, Statutes of 2011

#### Comments:

A minimum value was determined and a potential buyer list has been developed. Selecting a qualified Small Business to conduct the auction is underway. A cloud on title requires that the original Grantor quitclaim any possible reversionary interest prior to DGS selling the property. The original grantor is cooperating and it is likely the property can be offered for sale in the first quarter of 2014.

County	Agency	Property	Acres	Estimated Value	Authority
Tehama	CAL FIRE	Digger Butte Lookout, Manton	40	TBD	Chapter 178, Statutes of 2011

#### Comments:

A minimum value was determined and a potential buyer list has been developed. The 2012 Ponderosa Fire consumed the site. A cloud on title requires that the original Grantor quitclaim any possible reversionary interest prior to DGS selling the property. The original grantor is cooperating and it is likely the property can be offered for sale in the first quarter of 2014.

## Section 2A: Capitol Area Development Authority (CADA) Properties Pending Disposition

County	Agency	Property	Acres	Estimated Value	Authority
Sacramento	DGS- CADA	1510 14th Street	0.14	TBD	Chapter 32, Statutes of 2012

#### Comments:

The State of California leases the land to CADA. CADA leases the land under a development ground lease to a private real estate developer/investor. The underlying fee will be sold through a competitive bid process, as authorized by a 2012 trailer bill.

County	Agency	Property	Acres	Estimated Value	Authority
Sacramento	DGS- CADA	1530 N Street	0.22	TBD	Chapter 32, Statutes of 2012

#### Comments:

The State of California leases the land to CADA. CADA leases the land under a development ground lease to a private real estate developer/investor. The underlying fee will be sold through a competitive bid process, as authorized by a 2012 trailer bill.

County	Agency	Property	Acres	Estimated Value	Authority
Sacramento	DGS- CADA	1416 17 <sup>th</sup> Street and 1630 O Street	0.15	TBD	Chapter 32, Statutes of 2012

#### Comments:

The State of California leases the land to CADA. CADA leases the land under a development ground lease to a private real estate developer/investor. The underlying fee will be sold through a competitive bid process, as authorized by a 2012 trailer bill.

County	Agency	Property	Acres	Estimated Value	Authority
Sacramento	DGS- CADA	1609 O Street	0.59	TBD	Chapter 32, Statutes of 2012

#### Comments:

The State of California leases the land to CADA. CADA leases the land under a development ground lease to a private real estate developer/investor. The underlying fee will be sold through a competitive bid process, as authorized by a 2012 trailer bill.

County	Agency	Property	Acres	Estimated Value	Authority
Cooromonto	DGS-	1612 14 <sup>th</sup>	0.07	TBD	Chapter 32,
Sacramento	CADA	Street	0.07	עסו	Statutes of 2012

The State of California leases the land to CADA. CADA leases the land under a development ground lease to a private real estate developer/investor. The underlying fee will be sold through a competitive bid process, as authorized by a 2012 trailer bill.

County	Agency	Property	Acres	Estimated Value	Authority
Sacramento	DGS- CADA	1616 14 <sup>th</sup> Street and 1325 Q Street	0.3	TBD	Chapter 32, Statutes of 2012

#### Comments:

The State of California leases the land to CADA. CADA leases the land under a development ground lease to a private real estate developer/investor. The underlying fee will be sold through a competitive bid process, as authorized by a 2012 trailer bill.

County	Agency	Property	Acres	Estimated Value	Authority
Saaramanta	DGS-	1627 10th	0.027	TBD	Chapter 505,
Sacramento	CADA	Street	0.027		Statutes of 2013

#### Comments:

The State of California leases the property, including the land and improvements, to CADA. CADA leases the property to a third party commercial tenant. The property is one of five commercial properties located in the Somerset Parkside condominium project that is authorized for sale in the 2013 Surplus Property Bill.

County	Agency	Property	Acres	Estimated Value	Authority
Saaramanta	DGS-	1607 10th	0.027	TBD	Chapter 505,
Sacramento	CADA	Street	0.027		Statutes of 2013

#### Comments:

The State of California leases the property, including the land and improvements, to CADA. CADA leases the property to a third party commercial tenant. The property is one of five commercial properties located in the Somerset Parkside condominium project that is authorized for sale in the 2013 Surplus Property Bill.

County	Agency	Property	Acres	Estimated Value	Authority
Sacramento	DGS- CADA	1036 P Street	0.03	TBD	Chapter 505, Statutes of 2013

The State of California leases the property, including the land and improvements, to CADA. CADA leases the property to a third party commercial tenant. The property is one of five commercial properties located in the Somerset Parkside condominium project that is authorized for sale in the 2013 Surplus Property Bill.

County	Agency	Property	Acres	Estimated Value	Authority
Sooromonto	DGS-	1603 10th	0.025	TBD	Chapter 505,
Sacramento	CADA	Street	0.025		Statutes of 2013

#### Comments:

The State of California leases the property, including the land and improvements, to CADA. CADA leases the property to a third party commercial tenant. The property is one of five commercial properties located in the Somerset Parkside condominium project that is authorized for sale in the 2013 Surplus Property Bill.

County	Agency	Property	Acres	Estimated Value	Authority
Sacramento	DGS-	1601 10th	0.039	TBD	Chapter 505,
	CADA	Street			Statutes of

#### Comments:

The State of California leases the property, including the land and improvements, to CADA. CADA leases the property to a third party commercial tenant. The property is one of five commercial properties located in the Somerset Parkside condominium project that is authorized for sale in the 2013 Surplus Property Bill.

## **Section 3: Properties Identified as Excess**

County	Agency	Property	Acres	Estimated Value	Authority
Amador	CDCR	Preston Youth Correctional Facility	15	TBD	Chapter 505, Statutes of 2013

#### Comments:

The Legislature declared this property surplus in 2013. Notices will be posted in accordance with Government Code Section 11011. The property will be available pursuant to a competitive bid sale in 2014.

County	Agency	Property	Acres	Estimated Value	Authority
San Luis Obispo	CDCR	Estrella Correctional Facility	160	TBD	Chapter 505, Statutes of 2013

#### Comments:

The Legislature declared this property surplus in 2013. Notices will be posted in accordance with Government Code Section 11011. The property will be available pursuant to a competitive bid sale in 2014.

County	Agency	Property	Acres	Estimated Value	Authority
Solano	EDD	Vallejo Office Building	0.09	TBD	Chapter 505, Statutes of 2013

#### Comments:

The Legislature declared this property surplus in 2013. EDD will vacate in 2014. DGS plans to offer the property pursuant to a competitive bid sale once the site is vacant.

# Section 4: Properties Rescinded or Identified for Rescission of Surplus Authorization

There were no properties identified for rescission of the surplus authorization in 2013.