

**MONTEREY PENINSULA REGIONAL PARK DISTRICT
BOARD OF DIRECTORS MEETING**

DATE: August 5, 2020
TO: Board of Directors
FROM: Kelly McCullough, Finance Manager
REVIEWED BY: Rafael Payan, General Manager
SUBJECT: Authorize General Manager to Acquire Real Property A.P.N. 416-511-011, 416-511-012

SUMMARY:

Staff respectfully recommends the Board authorize the General Manager or his designee to exercise the option to purchase the real property described as A.P.N. 416-511-011 and 416-511-012 at the time chosen by the General Manager, find the acquisition to be exempt from CEQA and approve the filing of a Notice of Exemption (**ATTACHMENT 1**), and to take all other necessary action to complete the purchase of the real property, including executing the certificate of acceptance of title to the property. Historical information regarding this property is included in the Discussion section.

FISCAL IMPACT:

\$600,000 plus escrow closing costs

FUNDING SOURCE:

6550 – Land Acquisition

FUNDING BALANCE:

\$630,000

DISCUSSION:

The Board began considering the acquisition of two 40-acre parcels in Carmel Valley, currently described as A.P.N. 416-511-011 and 416-511-012 in the year 2003. This property is best known to District staff as the Sherar property. In September 2006 an appraisal valued the property at \$1,200,000. A recently completed appraisal valued the two properties together at \$1,355,000.

On December 3, 2007, the Board voted unanimously to enter a Lease with Option to Purchase Agreement. On January 11, 2008, the District executed the Lease with Option to Purchase Agreement, Memorandum of Option and Purchase Sale Agreement (**ATTACHMENT 2**).

On April 7, 2008, the Board approved Resolution 2008-3 authorizing an amendment to the budget for acquisition of the Sherar property from unappropriated reserves. This amount was for \$120,000, which covered the first annual lease payment of \$60,000 and an additional \$60,000 as consideration for the Option.

Following the initial payment, the District continued to make annual lease payments in the amount of \$60,000. Following the first five years of annual payments, the payments began applying to the purchase price.

On December 18, 2019, the District was notified of the death of Margaret Flynt Sherar. This notification triggered a timeline requiring the District to take certain actions. On February 5, 2020, staff provided the Board with an update on the property and necessary actions, as well as funding options. The District paid \$60,000 to extend our option for one additional year. This option extension payment applies to the purchase price. This payment also allowed staff additional time to complete tasks required in the Agreement and to seek funding options.

To date, the District has spent \$900,000 in lease and option payments on this property, \$600,000 which applies to the purchase price. Additional fees have been paid for appraisals, an appraisal review and a Phase I Environmental Site Assessment. The remaining balance to finish this acquisition is \$600,000. The table below (**Table 1**) demonstrates the history of payments.

Table1

Date	Check No.	Amount	Balance Owing	Description
			1,200,000	Purchase Price
2/8/2008	6238	120,000	1,140,000	Lease & Option (Option payment applies to purchase price)
1/9/2009	7083	60,000	1,140,000	Lease Payment
1/15/2010	7969	60,000	1,140,000	Lease Payment
1/14/2011	10393	60,000	1,140,000	Lease Payment
1/13/2012	11387	60,000	1,140,000	Lease Payment
1/15/2013	12270	60,000	1,080,000	Lease Payment
1/31/2014	13176	60,000	1,020,000	Lease Payment
1/15/2015	13906	60,000	960,000	Lease Payment
1/15/2016	14618	60,000	900,000	Lease Payment
1/13/2017	15289	60,000	840,000	Lease Payment
1/16/2018	15952	60,000	780,000	Lease Payment
1/10/2019	16683	60,000	720,000	Lease Payment
1/14/2020	17480	60,000	660,000	Lease & Option Extension
2/11/2020	17519	30,000	630,000	Option Extension
6/16/2020	17785	30,000	600,000	Lease Payment

Staff is working with State Parks Office of Grants and Local Services (OGALS) to see if we can use Prop 117 grant funds for the remaining costs to acquire this property. Following the final payment on the Aguajito property there was a balance of \$550,000 available for additional projects in the Santa Lucia Mountain Range. While it sounds promising that this acquisition would qualify, staff has not yet secured those funds. However, in the event those funds cannot be used for this acquisition, funds are available in the Districts reserves. In March of 2014, the Board authorized an annual assignment of reserve funds, equal to the amount required to finish this acquisition at any time needed. The death of Mrs. Sherar set a timeline in motion that requires expedient action by the District.

RECOMMENDED ACTION:

Staff respectfully recommends the Board authorize the General Manager or his designee to exercise the option to purchase the real property described as A.P.N. 416-511-011 and 416-511-012 at the time chosen by the General Manager, find the acquisition to be exempt from CEQA and approve the filing of a Notice of Exemption (**ATTACHMENT 1**), and to take all other necessary action to complete the purchase of the real property, including executing the certificate of acceptance of title to the property.

ATTACHMENTS:

1. [Notice of Exemption](#)
2. [Lease with Option to Purchase Agreement, Memorandum of Option and Purchase Sale Agreement](#)