



TO: Mayor and Councilmembers

FROM: Michelle Greene, City Manager

CONTACT: Vyto Adomaitis, Neighborhood Services and Public Safety Director
Luke Rioux, Finance Director
Jaime A. Valdez, Senior Project Manager

SUBJECT: Acquisition of 130 Cremona Drive

RECOMMENDATION:

- A. Authorize the City Manager to execute all necessary documents to consummate the purchase of 130 Cremona Drive from University Business Center Associates and JCB Limited for \$11,476,700, plus all related due diligence and closing costs on behalf of the City of Goleta, and
- B. Adopt Resolution No. 19-____, entitled "A Resolution of the City Council of the City of Goleta, California, Approving the Purchase of Real Property Located at 130 Cremona Drive in the City of Goleta, CA and Authorizing the City Clerk to Accept Interests in Real Property Pursuant To Government Code Section 27281." (Attachment 1).

BACKGROUND:

On April 16, 2019, the City Council authorized the City Manager to execute a Purchase and Sale Agreement with University Business Center Associates and JCB Limited for the City to acquire property at 130 Cremona Drive (a portion of Assessor's Parcel Number 073-330-014) for a permanent City Hall for \$11,515,400 and approved an appropriation of \$575,000 from the General Fund's Public Facilities Reserves to fund the purchase deposit for the property.

On July 16, 2019, the City Council approved and authorized the City Manager to execute the First Amendment to the Purchase and Sale Agreement resulting in, but not limited to, the City approving its due diligence investigation, a reduction in the purchase price to \$11,476,700, and resolution of the Orvieto East title matter.

DISCUSSION:

The City Manager will need to execute documents to complete the acquisition of the property including, but not limited to, reciprocal easement and access agreements. The attached Resolution will authorize the City Manager to execute all necessary documents to consummate the purchase for \$11,476,700, plus all related due diligence and closing costs, on behalf of the City of Goleta.

From time to time, as development occurs or as capital projects are constructed, the City of Goleta will require that permanent easements be dedicated to accommodate certain public improvements constructed over, on, across or under private property. The acceptance and recordation of real property easements by the City may be accomplished either by adoption of an individual resolution or by certificate of acceptance. Section 27281 of the Government Code allows cities to adopt a resolution authorizing the City Clerk to accept such real property upon approval by the City Council by the signing of a Certificate of Acceptance. This approach avoids repetitive and time-consuming process of adopting individual resolutions for the acceptance of easements.

The adoption of the attached Resolution would allow the City to accept future easements by Certificate of Acceptance and minimize the staff time associated with this process.

FISCAL IMPACTS:

There is no fiscal impact from adopting this Resolution as it simply restates and reaffirms the City Council's intentions as they relate to the acquisition of 130 Cremona Drive for approximately \$11.5 million, plus all related due diligence and closing costs on behalf of the City of Goleta.

It should be noted that the Purchase and Sale Agreement has a closing date of September 16, 2019 with the ability to extend 60 days to complete the land division, resulting in an outside closing date of November 15, 2019. There are a couple of cleanup items related to the lot split, surveyor, reciprocal easement and access agreement, quitclaim and other deeds that need to be completed and finalized. At this time, staff is estimating the close of escrow to be completed in October, but no later than November 16, 2019.

The total purchase price of \$11.5 million, of which, the City is to pay a total of \$10.94 million in cash at the close of escrow. Of this amount, approximately \$984,000 will be supported by Sheriff Facility Development Impact Fee (DIF) funds, and \$9.5 million temporarily supported by the City's pooled cash fund and General Fund, until financing is complete and reimbursed back to the City. The City has approximately \$45 million in its overnight funds.

Staff is in the process of finalizing its financing application with the California Infrastructure and Economic Development Bank (IBank), using their Infrastructure State Revolving Fund (ISRF) Loan Program. Staff will return to Council with the appropriate resolutions and financing documents needed to complete the financing, along with details of the

financing structure and all associated costs. The next steps with IBank will include the following:

- 1) City Council adopting a resolution that authorizes the City to submit an application, and to incur an obligation upon approval of the application, and declaring the City's official intent to reimburse certain expenditures from the proceeds of the loan.
- 2) Upon approval and receiving all final documents, staff will then submit the completed financing application, including final documents pending, which will be available at closing, and which include but not be limited to, the final Reciprocal Easement and Access Agreement, Quitclaim Deed for Orvieto Way per the First Amendment to the Purchase and Sale Agreement, and Post Lot Split Preliminary Title Report.
- 3) IBank staff will review the completed financing application and prepare a report for IBank Board review and approval.
- 4) After IBank Board approval, IBank staff will draft a financing agreement that will need City staff review and City Council approval. The City will have 120 days after the date of IBank board approval to approve the financing lease agreements in order to proceed with financing.

ALTERNATIVES:

No other feasible alternatives exist at this time with regard to the acquisition of the 130 Cremona. The \$575,770 earnest money deposit for the purchase of the property is non-refundable and would be forfeited if the City elected not to complete the transaction. With regards to financing, the IBank financing approach, along with other possible alternatives, will be discussed at future City Council meeting.

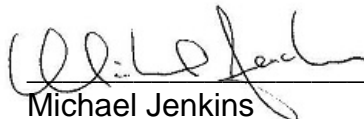
Reviewed By:

Legal Review By:

Approved By:



Kristine Schmidt
Deputy City Manager



Michael Jenkins
City Attorney



Michelle Greene
City Manager

ATTACHMENTS:

1. Resolution No. 19-__, "A Resolution of the City Council of the City of Goleta, California, Approving the Purchase of Real Property Located at 130 Cremona Drive in the City of Goleta, CA and Authorizing the City Clerk To Accept Interests In Real Property Pursuant To Government Code Section 27281"

Attachment 1

Resolution No. 19-__, "A Resolution of the City Council of the City of Goleta, California, Approving the Purchase of Real Property Located at 130 Cremona Drive in the City of Goleta, CA and Authorizing the City Clerk To Accept Interests In Real Property Pursuant To Government Code Section 27281"

RESOLUTION NO. 19-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GOLETA, CALIFORNIA, APPROVING THE PURCHASE OF REAL PROPERTY LOCATED AT 130 CREMONA DRIVE IN THE CITY OF GOLETA, CA AND AUTHORIZING THE CITY CLERK TO ACCEPT INTERESTS IN REAL PROPERTY PURSUANT TO GOVERNMENT CODE SECTION 27281

WHEREAS, on April 16, 2019, the City Council approved and authorized the City Manager to execute a Purchase and Sale Agreement with University Business Center Associates and JCB Limited for the City to acquire property at 130 Cremona Drive for \$11,515,400 in the City of Goleta for a permanent City Hall facility; and

WHEREAS, on July 16, 2019, the City Council approved and authorized the City Manager the City Manager to execute the First Amendment to the Purchase and Sale Agreement with University Business Center Associates and JCB Limited for the City to acquire property at 130 Cremona Drive resulting in, but not limited to, the City approving its due diligence investigation, a reduction in the purchase price to \$11,476,700, and resolution of the Orvieto East title matter.

WHEREAS, Government Code section 27281 provides that deeds or grants conveying any interest in or easement upon real property to a city or governmental agency for public purposes shall not be accepted for recordation without the consent of the city or governmental agency evidenced by a certificate of acceptance attached to or printed on the deed or grant; and

WHEREAS, Government Code Section 27281 further provides that a city or governmental agency, by a general resolution, may authorize one or more officers or agents to accept and consent to such deeds or grants by executing a certificate of acceptance; and

WHEREAS, the City Council finds that it would be appropriate to authorize the City Clerk to accept interests in real property on behalf of the City of Goleta.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GOLETA DOES FIND, RESOLVE, AND DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1.

The City Council of the City of Goleta authorizes the purchase of property located at 130 Cremona Drive, Goleta, California. A portion of Assessor's Parcel Number: 073-330-014.

SECTION 2.

The City Manager is authorized and directed to execute all necessary documents to consummate the purchase of 130 Cremona Drive from University Business Center Associates and JCB Limited for \$11,476,700, plus all related due diligence and closing costs, on behalf of the City of Goleta.

SECTION 3.

The City Clerk of the City of Goleta is authorized to accept interests in real property on behalf of the City of Goleta pursuant to Government Code Section 27281 by executing an appropriate certificate of acceptance in a form substantially similar to Exhibit 1 attached hereto and incorporated herein by this reference.

SECTION 4.

The City Clerk shall certify as to the adoption of this resolution.

SECTION 5.

This Resolution shall take effect immediately.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Goleta at a regular meeting held this 3rd day of September, 2019.

PASSED, APPROVED, AND ADOPTED this 3rd day of September, 2019.

PAULA PEROTTE,
MAYOR

ATTEST:

APPROVED AS TO FORM:

DEBORAH S. LOPEZ
CITY CLERK

MICHAEL JENKINS
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA) s.s.
CITY OF GOLETA)

I, DEBORAH S. LOPEZ, City Clerk of the City of Goleta, do hereby certify that the forgoing Resolution No.19-__ was duly adopted by the City Council of the City of Goleta at a regular meeting thereof held on the 3rd day of September, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

DEBORAH S. LOPEZ
CITY CLERK

EXHIBIT 1

FORM OF CERTIFICATE OF ACCEPTANCE

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA)s.s.
CITY OF GOLETA)

GOVERNMENT CODE SECTION 27281

This is to certify that the interest in real property conveyed by the **(DEED OR GRANT)** dated _____, 20XX, from **(NAME OF GRANTOR)**, to the **CITY OF GOLETA**, a municipal corporation, is hereby accepted by the undersigned City Clerk on behalf of the City of Goleta pursuant to authority conferred by Resolution No. _____ of the Goleta City Council adopted on _____, 20XX, and the City of Goleta as GRANTEE consents to the recordation thereof by its duly authorized officer.

Dated:

CITY OF GOLETA

By: Deborah S. Lopez, City Clerk