November 14, 2017

Board of Supervisors
3501 Civic Center Drive
San Rafael, CA 94903

SUBJECT: REQUEST TO ADOPT A RESOLUTION AUTHORIZING PURCHASE OF THE SAN GERONIMO GOLF COURSE FROM THE TRUST FOR PUBLIC LAND AND FINDING THAT THE PURCHASE IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA), AND AUTHORIZE THE EXECUTION OF A PURCHASE AND SALE AGREEMENT

Dear Board Members:

RECOMMENDATION:

1. Approve and authorize President to execute the Resolution authorizing the purchase of the San Geronimo Golf Course property from the Trust for Public Land.
2. Approve and authorize President to execute the Purchase and Sale Agreement.

SUMMARY:

On October 10, 2017 your Board authorized a Resolution to issue a Notice of Intent to purchase real property from the Trust for Public Land (TPL). At that time, staff explained that TPL has negotiated and entered into a Purchase Agreement with the current owners of the 157-acre San Geronimo Golf Course property (the Property), Robert Lee and Chong Ok Lee, trustees of the Lee Family Trust dated May 19, 1993, for an amount not to exceed $8,850,000, with the intent to sell and transfer the Property to the County at a future date for park and open space purposes. In addition, this property provides a valuable opportunity for resident Central Coast Coho Salmon and steelhead, as well as other native wildlife. Restoring the site for fish will create many other benefits for people and native wildlife, including enhanced floodplain protection for downstream communities and protection of wildlife migration corridors.

Purchase and Sale Agreement

Since that time, staff has negotiated a Purchase and Sale Agreement with TPL for the purchase of the San Geronimo Golf Course Property, which stipulates a December 31, 2018 close of escrow. The agreement allows the County to purchase the golf course property, fixtures, furniture and equipment at a total price
of $8.85 million, where $8.7 million is attributable to the land and built improvements and $150,000 is attributable to the furniture, fixtures, and equipment (FF & E). The agreement is structured so that if TPL successfully entered into an agreement with a third-party operator to take on the golf course business and continue golf course operations for a period of up to two years beyond the close of escrow between the current owners and TPL, the purchase price would have been reduced by $150,000, an amount equal to the price of the FF & E.

POLICY DISCUSSION

At your October 10th hearing, several issues were raised by members of the public. What follows is a policy discussion of those issues and how they are being addressed as part of this proposal.

Independent Review of Appraisal

Staff hired David Tattersall & Co. to conduct a formal review of the appraisal that was completed, with input from the County, for TPL’s purchase of the property from the Lee Family Trust. The review is complete and concluded that the appraisal report’s conclusion of $8.8 million in land value was adequately supported. Input from the County’s review appraiser during the initial course of the review assignment resulted in some adjustments to the original report’s analysis and underlying data, including new previously unconfirmed comparable sales. These changes in the data shifted the center point of the conclusion of value slightly, from $9.04 million to $8.8 million, a difference of about 2.6 percent. This updated conclusion of $8.8 million in fair market value for the land and built improvements is still above the $8.7 million negotiated purchase price for these assets.

In addition, staff anticipates that as the acquisition is reviewed by potential public funding agencies at the state level, the appraisal will be subjected to at least one further completely independent review by a licensed appraiser within the State of California Department of General Services (DGS).

Community Planning Process Concerning Future Uses

During the interim period between your Board’s authorization to execute the Purchase and Sale Agreement and County’s acquisition of the property from TPL, Marin County Parks would begin a public process to formulate a vision for the future of the property through the development of a restoration and/or reuse concept plans. Development of any restoration and/or reuse concept plans would include a comprehensive and robust public engagement process that would solicit thoughts and ideas from both the surrounding community and the county at-large, regarding the best and most suitable uses for the property.

Much of the existing property, especially the Golf Course Parcels, can become a greenbelt park with a ready-made network of multiuse pathways that will allow circulation between Woodacre, San Geronimo, Forest Knolls, and Lagunitas with no interaction with motorized traffic on Sir Francis Drake Boulevard or Nicasio Valley Road. This is enabled by an already-existing tunnel under Sir Francis Drake Boulevard and an already-existing bridge over Nicasio Valley Road.
Any future public uses will be fully explored with the community, would need to be approved by the Board of Supervisors prior to implementation, and would be subject to further CEQA review. The County may consider other future public-serving uses for the clubhouse parcel and other portions of the property that are consistent with the character of the community and compatible with park uses.

A great deal of public interest has been generated by the issuance of the Notice of Intent to purchase the golf course property. Staff and your Board have received several messages in the form of phone calls, emails and in-person meetings, in addition to listening to members of the public who provided comments during the public comment period at both the October 10 and October 31 Board meetings. Many members of the public have provided great ideas for use of the property. Staff will continue to work with those members of the public who have expressed concerns and ensure that all viewpoints are considered during this process.

**Vegetation Management and Reduction of Fire Risk**

Marin County Parks’ maintenance and management responsibilities for the property might begin as early as TPL’s acquisition of the golf course. If the execution of the Purchase and Sale Agreement is authorized today, staff will return to your board requesting authorization to execute a maintenance and management agreement between Marin County Parks and TPL, that will place the maintenance and management responsibilities for the property on the County of Marin. The duration of the agreement would be equal to the duration of TPL’s ownership of the property. This agreement would allow County parks staff and resources to be made available on short notice to preserve the property’s aesthetic appeal and the integrity of its infrastructure during the interim planning period, as well as to accommodate some level of immediate public access to and use of the property’s network of paths.

Most of the work of patrolling and maintaining the grounds during this period could be accomplished with existing staff and equipment. Additional short-term expenses would be modest and likely limited to the addition of two seasonal landscape workers, a contract with a security firm to patrol the clubhouse and other structures, and the cost of water to irrigate specific high value components of the property’s existing landscaping such as heritage trees and the community garden, whose operation would continue uninterrupted during the planning period. In total, we estimate this maintenance costs to be approximately $140,000 a year.

**Continuation of Golf Operations**

TPL and staff worked diligently to find a third-party vendor to take over operation of the golf course for a period of up to the next two years. TPL identified and researched approximately six golf course operators. These included companies working within the region and elsewhere in the country. Of the companies that were contacted, proposals were secured from two local golf course operators with extensive public-sector experience. None of the operators contacted were willing to take on management of the course under any form of lease arrangement, based on their conclusion that such a lease could not be profitable. These companies are uniquely positioned because of their local footprint, experience running public courses, familiarity with the San Geronimo course, and ability to
take over golf course operations in a short time-frame. Due to the unique position of these companies, it is not likely that TPL would be able to secure better proposals from others. Both proposals from the golf course operators were based on a management fee arrangement whereby the County would assume the business risk and hire the company to provide management services. Neither company was willing to assume the business risk themselves given the specifics of the course and the timeframe involved. Financial analysis provided by the operators clearly indicated their expectation that, even in the most optimistic forecasted scenario, the County would lose substantial money operating the course over the next two years. Under less optimistic scenarios, the losses may exceed $500,000 before steps could be taken to terminate the agreement and wind down operation of the course.

Upon reviewing these proposals, staff does not recommend putting taxpayers at risk of all potential financial losses; therefore, a third-party vendor was not successfully identified within the provision of the TPL contract. With your Board’s policy direction, staff could prepare a Request for Proposals in early 2018 to attempt to contract with a golf vendor for interim golf use if a vendor was willing to protect the taxpayers from losses and it would not cost more than what we plan to spend for caretaking maintenance.

Alternative Funding of Purchase to Allow Flexible Use of Property

Under the Purchase and Sale Agreement, the County’s purchase of the property is contingent upon its ability to raise $4.94 million of outside funds toward the purchase. To supplement the $4.94 million of outside funds, the County has identified $3.91 million in County funds for the purchase. County Measure A acquisition funds of $2.5 million and $1.41 million of County General Funds from the one-time reserve would be used.

The remainder of the property includes stretches of Larsen Creek and San Geronimo Creek, both of which happen to include the most viable population of federally endangered Central Coast Coho salmon and threatened Central Coast steelhead in the state of California. Several grant opportunities exist related to the protection of these species and their habitat, and a project to acquire the San Geronimo Golf Course property is made very competitive by their presence. Staff would limit the use of outside funds to these parcels, located south of Sir Francis Drake Boulevard and west of Nicasio Valley Road, which are collectively referred to as the Golf Course Parcels in this staff report. The County Measure A acquisition funds will be applied towards the acquisition of these parcels in combination with the proceeds from outside grant sources. Uses other than restoration and passive recreation would not be absolutely precluded by the use of outside grants to acquire these lands, but such uses would generally need to be compatible with the primary purposes of the grants. Since the contribution from the County General Fund will be exclusively applied toward the purchase of the Clubhouse Parcel, there will be greater future flexibility of future public uses of the Clubhouse parcel.

A copy of comments related to this board item are available for view upon request at the Board and Parks offices.
FISCAL IMPACT:

One-time costs

A combination of $3.91 million in County funds and $4.94 million in outside funds would be used to make the purchase. County Measure A acquisition funds of $2.5 million (current balance $6.5 million) and $1.41 million of County General Funds from the one-time reserve (current balance $6.4 million) would be used. The County’s commitment to purchase the property from TPL in late 2018 would be contingent on its success in raising approximately $5 million of outside funds.

Ongoing maintenance costs

Caretaking costs are estimated to be approximately $150,000 per year, and future maintenance and operational costs would depend on the ultimate use of the property. Marin County Parks will use existing resources to perform basic maintenance services while we engage in a public process to formulate a vision for the future of the property. We anticipate that maintenance would be less intensive than is required for typical county parks, more akin to open space maintenance commitments. No funds are required to be committed for the current recommendation.

In addition, staff anticipates that work related to planning and implementing future stream restoration and park improvement projects will proceed as funds are identified and secured. Funding for these activities is likely to come from a combination of Measure A and outside sources, including some of the same state administered grant funds identified as potential funding sources for the acquisition.

Please let staff know if you have additional questions or concerns.

REVIEWED BY:

[ ] Dept. of Finance    [ X ] N/A
[ X ] County Counsel    [ ] N/A
[ X ] County Administrator [ ] N/A

Chief of Planning and Acquisition Carl Somers is the principal author of this report.

Respectfully submitted,

Chris Chamberlain
Assistant Director