

California Tahoe Conservancy
Agenda Item 7b
September 19, 2013

**AUTHORIZATION TO SELL ASSET LAND
AT 1340 GLENWOOD WAY, SOUTH LAKE TAHOE
(FORMER DRIVE-IN THEATER)**

Summary: Staff recommends authorizing the sale of an asset land for a total sales price of \$355,000.

Location: 1340 Glenwood Way within the City of South Lake Tahoe (El Dorado County Assessor Parcel Number 025-360-18) (Attachment 1).

Fiscal Summary: Expected total revenue of \$333,700 after six percent (6%) sales commission

Recommended Action: Adopt Resolution 13-09-02 (Attachment 2).

Background

The Conservancy adopted Asset Lands Program Guidelines in March 2012 (Guidelines, see Attachment 3). Under the program the Conservancy established the criteria under which it would consider the sale, transfer, or exchange of “potential asset lands.” The Guidelines described the limited instances in which Conservancy-owned lands could be regarded as potential asset lands. The Guidelines established the Principles under which the sale of the initial four designated asset lands would be conducted.

The Board authorized pre-sale activities on up to four properties at the March 2012 meeting. Since then, staff has proceeded with pre-sale activities for three of the four properties. Pre-sale activities have progressed most quickly for two properties, the 15.46-acre property upon which the former Tallac Vista Conference Center (Tallac Vista) is situated, and the 8.43-acre former drive-in movie theater property acquired in a land exchange/transfer with the City of South Lake Tahoe. These properties are located at 2675 Sherman Way and 1340 Glenwood Way, respectively.

The Conservancy acquired the former drive-in property in April 2012 through a land exchange with the City of South Lake Tahoe. In return for this property and another 24.28 acres along the Upper Truckee River, the Conservancy granted the City 0.68 acres of vacant, high capability land at Harrison and Modesto Avenues in the Al Tahoe neighborhood and 0.50 acres with 21,250 square feet of restored land coverage and 1,158 square feet of banked commercial floor area along Lake Tahoe Boulevard (the former Unocal property). The Conservancy had purchased the former Unocal property several months earlier for \$375,000, but it was valued at \$357,000 as part of the transfer to the City because the Conservancy retained ownership of 1,200 square feet of restored coverage.

The Conservancy acquired the former drive-in to restore land coverage and significantly reduce the Conservancy's Land Bank deficit in the South Stateline Hydrologic Area. At the time of Board authorization, staff suggested the Conservancy may wish to consider selling the land for restricted residential purposes after restoration objectives had been met. The property contained 101,564 square feet of existing, but unrestored land coverage and one residential unit of use at the time of purchase. In October 2012, the Conservancy restored portions of the property by removing 79,294 square feet of hard land coverage (i.e. asphalt) at a cost of approximately \$115,000 (\$1.45/square feet).

As part of its pre-sale activities, staff contracted for a boundary survey of the property and retained the services of Sierra Sotheby's International Realty to market the property. The minimum bid price of \$350,000 was established for the public, sealed written bid process. No bids were received in March of this year. However, on August 1st one bid for \$355,000 was received. Staff reviewed the bidder's financials and concluded the offer of \$355,000 is bona fide, and the buyer has the ability to fund and close the transaction with existing liquid assets within the required 30-day time period after Board authorization.

Project Description

Staff recommends the Board authorize (Attachment 2- Resolution 13-09-02) the sale of the 8.43-acre former drive-in movie theater property at 1340 Glenwood Way, El Dorado County APN 025-360-018, as shown on Attachment 1, for the price of \$355,000 to Jack T. and Walsie Jennings, and direct staff to execute all required transaction documents to facilitate the sale. Net proceeds from this sale, after deduction for the six percent (6%) sales commission to Sotheby's, total \$333,700, and will be deposited in the Tahoe Conservancy Fund consistent with Government Code section 66908.2.

Staff recommends the property be sold in an “as-is” condition with the following covenants included on the State’s Grant Deed:

- Future use of the property will be limited to construction of no more than one residence, plus guest house and appurtenant residential improvements.
- The owners will have the right to 25,000 square feet of banked land coverage within the Class 7, high-capability portion of the property for their residential improvements.
- The Conservancy retains ownership to all remaining 79,294 square feet of banked land coverage attributable to the property. As part of the transaction, the restored land coverage will be permanently retired through recordation of a covenant to assist the Conservancy’s Land Bank with meeting Excess Coverage Mitigation (ECM) requirements in the South Stateline hydrologically-related area (HRA).
- The Conservancy retains a temporary right (through November 2014) to access the property with equipment and related irrigation piping connected to the property’s one-inch-diameter water service to assist with the reestablishment of vegetation within the restored portions of the property. The Conservancy will reimburse the Buyer for all metered water used to support its revegetation efforts after the close of escrow.
- The restored land area within the Stream Environment Zone (SEZ) will not be available for residential development and must be maintained in a permanent open space condition.
- The Conservancy reserves, for the benefit of the City of South Lake Tahoe, the right for public, non-motorized access between Glenwood Way and Bijou Meadow along the southerly 20 feet of the property, the same area currently encumbered with a permanent easement in favor of the City of South Lake Tahoe for storm water purposes.

Project Evaluation

The proposed sale of the 8.43-acre former drive-in theater property is consistent with the three mandatory criteria and one of the six elective criteria outlined in the adopted Asset Lands Program Guidelines (see Attachment 3 to Agenda Item 7a), as more fully described below:

The first mandatory criterion requires the sale be consistent with the Conservancy’s enabling legislation, specifically Government Code Section 66907.8, which allows for the sale of real property for management purposes pursuant to terms and conditions approved by the Conservancy. The proposed sale as outlined above serves several

management purposes, including the restoration and retirement of 79,294 square feet of hard land coverage, substantially assisting the Conservancy's Land Bank with meeting ECM obligations within the South Stateline HRA; achieving soil and water program objectives through covenants protecting the SEZ sensitive lands and restricting the location and amount of available coverage on the parcel to 25,000 square feet in the Class 7, high-capability portion of the property; and achieving Public Access program objectives through a permanent easement on the property in favor of the City of South Lake Tahoe reserving the right for public, non-motorized access between Glenwood Way and Bijou Meadow.

The second mandatory criterion requires that any transaction be consistent with the Asset Lands Program Guidelines and other Conservancy Program Guidelines and policies. In this instance staff conducted pre-sale activities consistent with the adopted Guidelines. Sale of the property following land coverage restoration was recommended in March 2012 when the Board authorized Conservancy acquisition.

The third and final mandatory criterion requires the transaction be consistent with requirement of bond acts and other applicable funding sources specific to the property's acquisition. In this instance no bond act funds were used to acquire the property. As noted in the Implementation Section below, staff will work with the Natural Resources Agency and the Department of Finance to request appropriation of these funds beginning in the 2014-15 fiscal year.

In addition to the above three required criteria, the proposed sale must meet at least one of five elective criteria as detailed in the Guidelines, in this case Criterion (b). This criterion states:

Achieves program or project objectives through the disposal of land which is considered incidental to the original acquisition, program, or project objective and the project purposes have been, or can be, achieved with either the remaining property or remaining property interest and/or with the "consideration" being offered in trade.

As discussed more fully above, the Conservancy achieves its program objectives through the restoration and retirement of 79,294 square feet of land coverage, through the permanent protection of SEZ, and through the reservation of public, non-motorized access between Glenwood Way and Bijou Meadow.

Implementation

Upon Board authorization, staff will execute the Purchase and Sales Agreement (Agreement) and the Grant Deed and other transaction documents, thereby initiating the 30-day escrow period. The Buyer previously deposited the 10% deposit with escrow; upon the Conservancy's signature to the Agreement, the deposit becomes non-refundable unless the State defaults upon its obligations. The Buyer will then have 29 days to complete any further due diligence work and to deposit the remaining purchase price balance with escrow.

The Conservancy has two additional documents it must deposit for the sale. The first is a Grant Deed in favor of the City of South Lake Tahoe establishing the public right to non-motorized access along the southerly 20 feet of the property. The City Council is scheduled to accept this public right at its September 17, 2013 meeting. The second is a recordable covenant restricting 79,294 square feet of restored land coverage on site for meeting ECM requirements in the South Stateline HRA.

The Buyer is responsible for all closing, title, escrow, and recording costs associated with the Conservancy's sale of the property.

The proceeds from the sale of the property will be deposited into the Tahoe Conservancy Fund. Staff will work with the Natural Resources Agency and the Department of Finance to request appropriation of these funds beginning in the 2014-15 fiscal year consistent with Government Code section 66908.2. For additional information on the 14-15 fiscal year budget, please see Agenda Item 8.

Consistency with the Conservancy's Enabling Legislation

Implementation of the proposed sale is consistent with the Conservancy's enabling legislation. Specifically, Government Code section 66907.8 allows for the Conservancy to sell, exchange, or otherwise transfer any real property or interest therein, or option acquired under the legislation to local public agencies, state agencies, federal agencies, nonprofit organizations, individuals, corporate entities, or partnerships for management purposes pursuant to terms and conditions approved by the Conservancy.

Compliance with the California Environmental Quality Act (CEQA)

Pursuant to California Environmental Quality Act (CEQA) Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.), certain classes of activities are statutorily exempt from CEQA or are exempt because they have been determined by the Secretary for Natural Resources

to have no significant effect on the environment. Staff has evaluated this project and has found it to be exempt under CEQA. This project qualifies for a categorical exemption under CEQA Guidelines section 15303 (new construction of one single family residence in a residential zone) (Attachment 4).

List of Attachments:

Attachment 1 – Project Location Map

Attachment 2 – Resolution 13-09-02

Attachment 3 – Asset Lands Program Guidelines - Adopted March 2012
(See Agenda Item 7a, Attachment 3)

Attachment 4 – Notice of Exemption

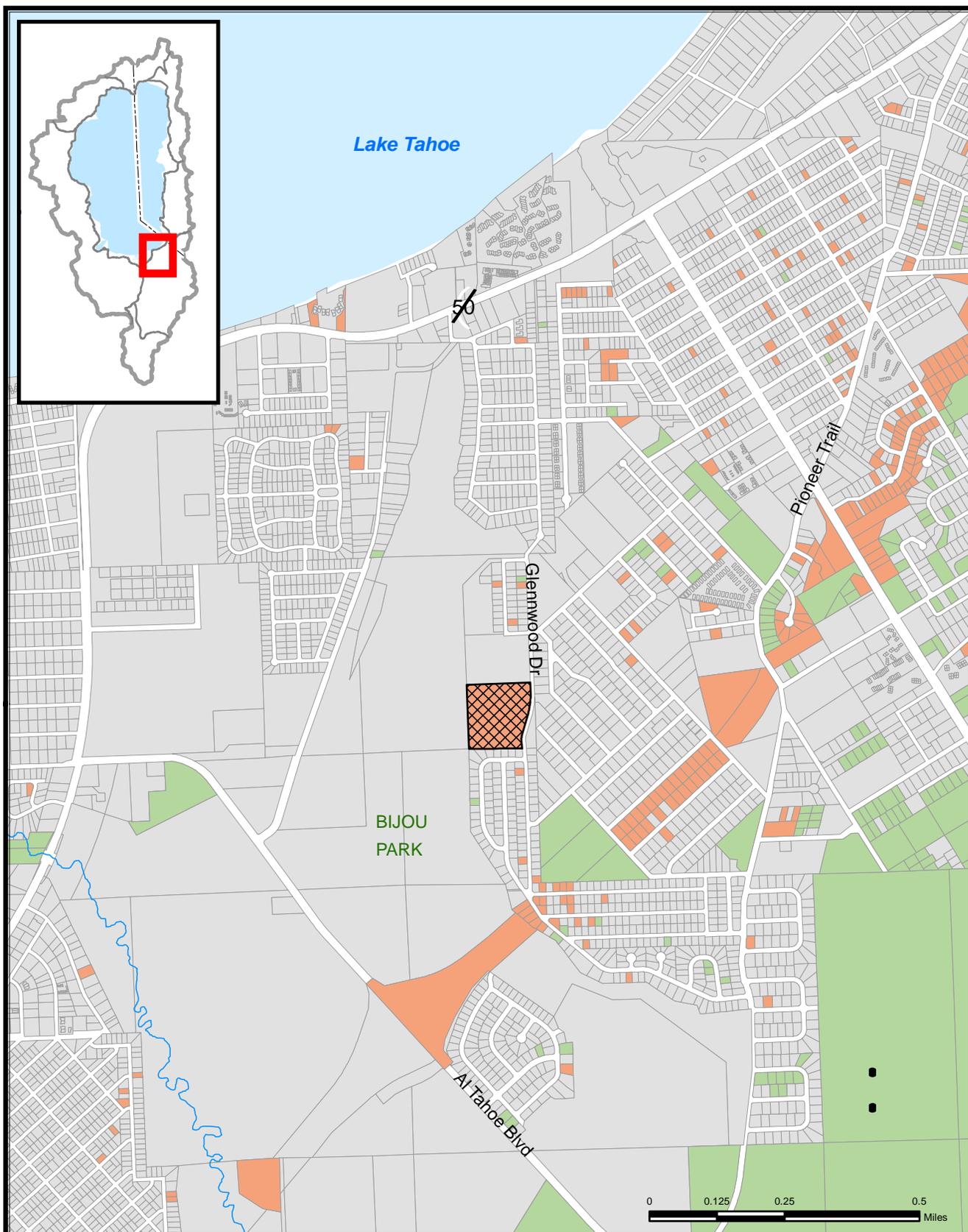
Conservancy Staff Contact:

Bruce Eisner

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ATTACHMENT 1
Asset Land Sale - Glenwood Way



-  **1340 Glenwood Way, Former Drive-in Theater**
-  **Conservancy-owned Parcels**
-  **USFS-owned Parcels**

California Tahoe Conservancy
September 2013
Map for reference purposes only.
Sources: El Dorado County; TRPA; CSLT



ATTACHMENT 2

California Tahoe Conservancy
Resolution
13-09-02
Adopted: September 19, 2013

**AUTHORIZATION TO SELL ASSET LAND
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Staff recommends the California Tahoe Conservancy adopt the following resolution pursuant to Government Code section 66907.8:

“The California Tahoe Conservancy Board hereby authorizes the sale of El Dorado County Assessor Parcel Numbers 025-360-18 at 1340 Glenwood Way, in the City of South Lake Tahoe for the sale price of \$355,000, and further authorizes staff to execute all sale transaction documents and to deduct from the gross sales price the six percent (6%) commission to Sierra Sotheby’s International Realty consistent with the staff recommendation of this same date.”

I hereby certify that the foregoing is a true and correct copy of the resolution duly and regularly adopted by the California Tahoe Conservancy at a meeting thereof held on the 19th day of September 2013.

In WITNESS THEREOF, I have hereunto set my hand this 19th day of September 2013.

Patrick Wright
Executive Director

ATTACHMENT 3

**AUTHORIZATION TO SELL ASSET LAND
AT 1340 GLENWOOD WAY, SOUTH LAKE TAHOE
(FORMER DRIVE-IN THEATER)**

Asset Lands Program Guidelines

See Agenda Item 7a, Attachment 3

ATTACHMENT 4

NOTICE OF EXEMPTION

TO: Office of Planning and Research
1400 10th Street, Room 121
Sacramento, CA 95814

FROM: California Tahoe Conservancy
1061 Third Street
South Lake Tahoe, CA 96150

Project Title:

Sale of Asset Lands – 1340 Glenwood Way

Project Location – Specific:

El Dorado County Assessor Parcel Number 025-360-18

Project Location – City:

South Lake Tahoe

Project Location – County:

El Dorado

Description of Nature, Purpose, and Beneficiaries of Project:

Sale of fee interest in one 8.43-acre parcel subject to covenants and restrictions that protect wetlands (Stream Environment Zone), provides 79,294 square feet of restored land coverage rights, and provides public access consistent with the California Tahoe Conservancy's Asset Lands Program Guidelines adopted in March 2012.

Name of Public Agency Approving Project:

California Tahoe Conservancy (Conservancy meeting of 09/19/2013) (Agenda Item 7b)

Name of Person or Agency Carrying Out Project:

California Tahoe Conservancy

Exempt Status:

- Ministerial (§ 21080 (b)(1); § 15268)
- Declared Emergency (§ 21080 (b)(3); § 15269 (a))
- Emergency Project (§ 21080 (b)(4); § 15269 (b)(c))
- Categorical Exemption. § 15303, Class 3.

Reasons Why Project is Exempt:

Project involves the sale of fee title interest in real property for the future construction of no more than one single-family residence, subject to specific covenants, restrictions, and reservations by the Conservancy to protect sensitive lands and preserve public access.

Contact Person:
Bruce Eisner

Telephone Number:
(530) 543-6043

Date Received for Filing:

Patrick Wright
Executive Director