

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
9	06/11/18	Open	Action	06/04/18

Subject: Surplus Property Located at Calvine Road and Auberry Drive in Sacramento, CA (APNs: 115-0130-061 and 115-0130-071)

ISSUE

Whether to delegate authority to the General Manager/CEO to negotiate and enter into a Purchase and Sale Agreement (PSA) between Sacramento Regional Transit District (SacRT) and Catalyst Development Partners (Purchaser) for surplus property located at Calvine Road and Auberry Drive in Sacramento, CA (APNs: 115-0130-061 and 115-0130-071).

RECOMMENDED ACTION

Adopt Resolution No. 18-06___, Delegating Authority to the General Manager/CEO to Enter into a Purchase and Sale Agreement (PSA) with Catalyst Development Partners for Surplus Property Located at Calvine Road and Auberry Drive in Sacramento, CA (APNs: 115-0130-061 and 115-0130-071).

FISCAL IMPACT

The sale of the surplus property will generate approximately \$1.6 million in Capital Revenue.

DISCUSSION

On May 14, 2018, Staff presented an informational update to the Board detailing the terms of two offers received for approximately 3.84 acres of surplus property located on the southeast corner of Calvine Road and Auberry Drive in Sacramento (APNs 115-0130-061 and 115-0130-071), the "Subject Property," which is further identified in Attachment A.

History of Subject Property

The Subject Property was acquired through an initial land exchange and by exercising an option to acquire additional land under the terms of the land exchange agreement. On June 27, 1995, Sacramento Regional Transit District (SacRT) entered into a land exchange agreement to acquire approximately 3.05 acres for the purpose of constructing a park-and-ride lot on the proposed South Sacramento Corridor Phase II (SSCP2) extension. The Board voted to exercise the option to acquire an additional acre of land on the site in June of 1998.

The Subject Property was acquired by exchanging 4 acres of land previously identified for a park-and-ride lot located at Calvine Road/Highway 99 for the Subject Property. The property located at Calvine Road/Highway 99 was obtained through dedication at no cost to SacRT.

Approved:

Presented:

Final 06/05/18

General Manager/CEO

Manager, Real Estate

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A different alignment was ultimately chosen for the SSCP2 extension and on January 26, 2015, since SacRT no longer intended to develop the site, the Board voted to declare the Subject Property as surplus to transit operations.

Summary of Offers Received

SacRT enlisted the services of a commercial real estate broker to market the Subject Property for potential development and procure a purchaser. SacRT’s broker met with approximately 65 potential purchasers and 3 offers were ultimately received. Two offers proposed acquiring the property in fee and one offer proposed a long-term ground lease. Because SacRT requires termination rights on ground leases, that offer was withdrawn by the potential purchaser.

SacRT’s real estate broker presented two offers to SacRT’s real estate committee for consideration. The following two offers were presented to the Board in May of 2018 and are summarized below:

Summary of Offers Presented to SacRT		
	<u>Offer #1</u>	<u>Offer #2</u>
Offeror:	Catalyst Development Partners	Calvine Development Partners
Purchase Price Offered	\$1,600,000	\$1,500,000
Initial Deposit:	\$100,000	\$30,000
Due Diligence:	90 days	90 days, with additional 180 day “Planning Period” during which \$20,000 of the initial deposit remains refundable
Additional Deposit:	\$10,000 for every 30 day extension after expiration of due diligence period	\$20,000 each for up to two 3-month extensions of the “Planning Period”
Close Escrow:	No later than 18 months following expiration of the due diligence period; or 30 days following receipt of approvals	30 days following the later of (i) the expiration of the planning period; or (ii) any extension period
Proposed Use:	Multi-family housing (market rate)	Retail (unspecified)

Although the Subject Property is no longer located along a proposed light rail alignment, it is included within SacRT’s long-range plan for high frequency bus service and SacRT has prioritized offers that incorporate aspects of transit oriented development (TOD). After assessing both offers

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for the site, SacRT's real estate committee determined that the proposed use by Catalyst Development Partners is most consistent with SacRT's TOD goals.

Information on Potential Purchaser

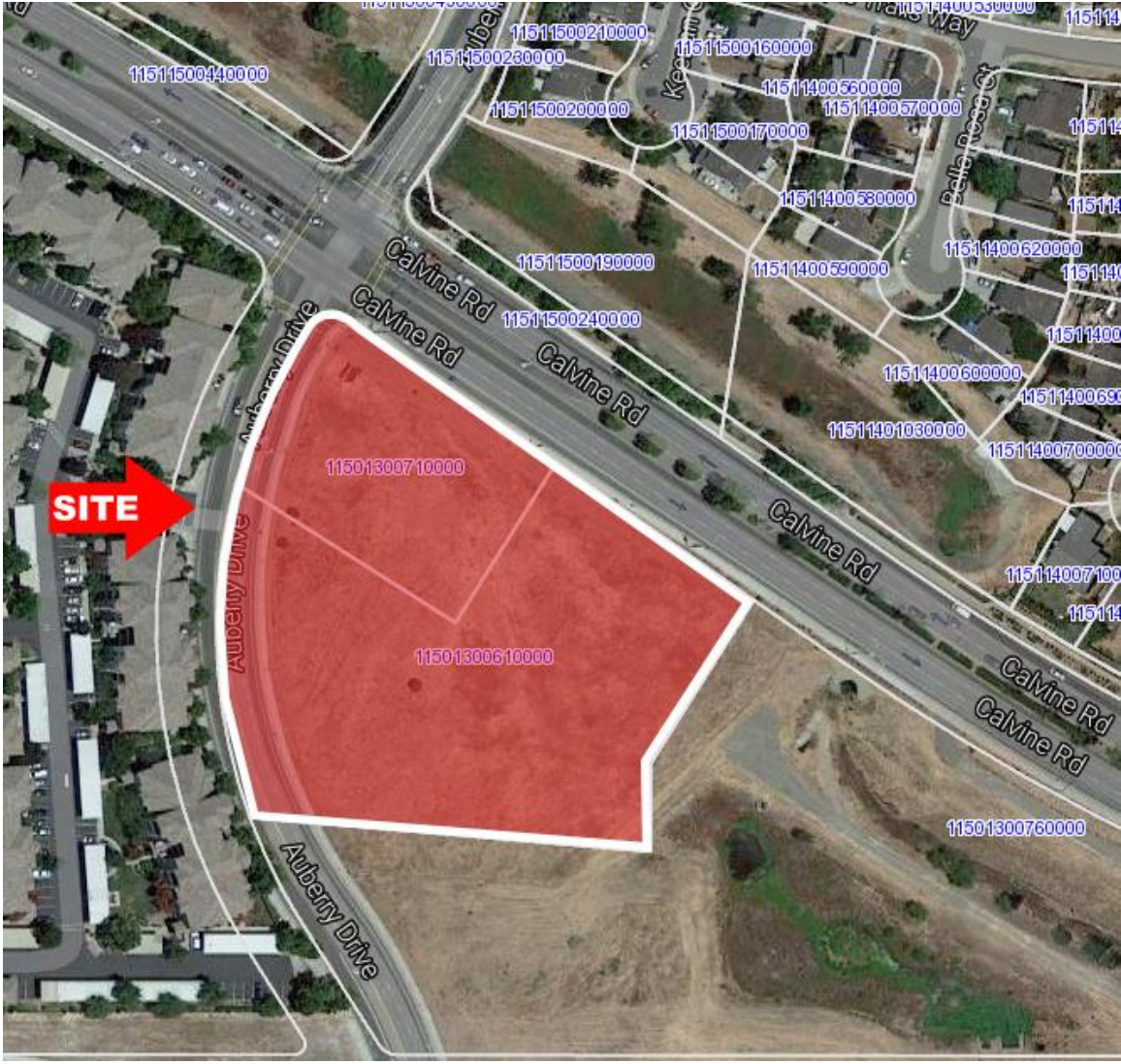
Catalyst Development Partners is led by President Todd Deutscher. His professional experience includes delivering over 350 single family homes per year and over 1,000 mapped single family lots per year (to merchant builders). He has overseen delivery of hundreds of multifamily residential units as Chief Operating Officer and Chief Financial Officer of Pacific Union Homes in Danville, CA and developed hundreds of residential apartments of varying construction types as President of Palm Communities in Irvine, CA. He has served in various senior executive capacities in the industry as well spending 7 years with Deloitte & Touche as a Certified Public Accountant (CPA) and Manager in the Real Estate practice group. Deutscher is a resident of Danville, CA, a graduate of the University of Southern California in Real Estate Finance and has been a CPA in California for over 25 years.

Staff Recommendation

After evaluating the business terms and proposed uses of the offers received, Staff recommends the Board delegate authority to the General Manager/CEO to negotiate and enter into a Purchase and Sale Agreement with Catalyst Development Partners under the terms presented to the Board in this report.

ATTACHMENT A

Calvine Road & Auberry Drive, Sacramento, CA
APNs: 115-0130-061 and 115-0130-071



RESOLUTION NO. 18-06-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

June 11, 2018

DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO ENTER INTO A PURCHASE AND SALE AGREEMENT (PSA) WITH CATALYST DEVELOPMENT PARTNERS FOR SURPLUS PROPERTY LOCATED AT CALVINE ROAD AND AUBERRY DRIVE IN SACRAMENTO, CA (APNS: 115-0130-061 AND 115-0130-071).

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the General Manager/CEO is hereby authorized to negotiate and execute a Purchase and Sale Agreement, and any other documents necessary to complete the surplus disposition of property known as APNs: 115-0130-061 and 115-0130-071 between Sacramento Regional Transit District (Seller) and Catalyst Development Partners (Purchaser) on terms substantially similar to those presented to the Board.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary