



Legislation Text

File #: 18-619, **Version:** 1

Report Prepared by: Frank Quintero, Director of Economic Development

SUBJECT: Authorization to Alternatively Pursue a Purchase and Sale Agreement with Valley Children's Healthcare Regarding the Former Police Station Site

REPORT IN BRIEF

Staff is requesting Council authority to negotiate a purchase and sale agreement with Valley Children's Healthcare rather than an exclusive negotiation agreement.

RECOMMENDATION

City Council - Adopt a motion authorizing staff to negotiate a purchase and sale agreement with Valley Children's Healthcare rather than an exclusive negotiation agreement for the former Police Headquarters site; and directing staff to return the purchase and sale agreement to the City Council for consideration.

ALTERNATIVES

1. Approve as recommended by staff; or
2. Direct staff to pursue only an exclusive negotiation agreement with Valley Children's Healthcare as authorized on October 15, 2018; or,
3. Approve, subject to conditions as specified by the City Council; or,
4. Deny the request; or,
5. Refer back to staff for reconsideration of specific items as requested by the Council; or
6. Defer action until a specified date

AUTHORITY

Charter of the City of Merced, Section 200. Merced Municipal Code section 13.38.040.

CITY COUNCIL PRIORITIES

City of Merced Adopted Budget Fiscal Year 2018-2019, Section 10 - Public Safety, Police, Police Headquarters - "In accordance with Council Goals & Priorities concerning Future Planning, the Merced Police Department will continue to work closely with City staff to compose an accurate needs assessment and ideas for possible funding options for the construction of a new Police Headquarters."

DISCUSSION

On October 15, 2018, the City Council awarded the Former Police Headquarters Site Development Opportunity to Valley Children's Healthcare (VCH) for the construction of a 40,000 square-foot medical center. Council also authorized staff to pursue an Exclusive Negotiation Agreement with VCH.

After the City Council meeting, staff met with VCH representatives to review and discuss transaction terms, due diligence periods, and entitlement and building permit processes. Given the studies that may be required as part of the project and length of time to enter into contracts, start, and complete the studies, VCH staff felt it would be more prudent to negotiate terms for a Purchase and Sale Agreement rather than an Exclusive Negotiation Agreement.

On May 15, 2017, the City Council adopted Resolution No. 2017-31 declaring the former Police Headquarters site a surplus property, and directed staff to market the property for sale. The tool used by staff to offer the property for sale was a Request for Proposal subject to the selected development proposal. Should the City Council agree to authorize staff to negotiate a Purchase and Sale Agreement with VCH, the approval would be consistent with the previous Council actions to dispose the surplus property.

If approved, staff will proceed with a Letter of Intent to VCH leading to a Purchase and Sale Agreement. The negotiated Agreement would be brought to the City Council for consideration.

IMPACT ON CITY RESOURCES

No appropriation of funds is needed.

ATTACHMENT

1. EXCERPT Admin Report - Item J.3