

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

646



FROM: Economic Development Agency

SUBMITTAL DATE:
March 14, 2005

SUBJECT: Sale of Desert Center Airport, Fourth District

RECOMMENDED MOTION: That the Board of Supervisors:

1. Declare the Desert Center Airport surplus property;
2. Authorize the Economic Development Agency (EDA) to offer Desert Center Airport for sale at a price of not less than \$1,375,000; and
3. In the event that no County agency has an interest in acquiring the airport at that price, authorize the Assistant County Executive Officer/EDA to enter into an escrow with a qualified buyer for the sale of Desert Center Airport for a purchase price of not less than \$1,375,000 and other terms and conditions acceptable to EDA including approval of the sale price by the Federal Aviation Administration (FAA).

BACKGROUND: On December 1, 1998, the Board of Supervisors received a report (agenda item 3.7), on the County's airports, dated November 24, 1998, from EDA staff and subsequently approved the recommendations contained in the report. The recommendation dealing with Desert Center Airport authorized EDA to pursue a Release from the State of California and the Federal Aviation Administration allowing closure of the airport and sale of the land. The appraisal referenced in the recommendation was completed and a value/recommended asking price of \$2,700,000 was established.

(Cont'd on page 2)

Bradley J. Hudson

Bradley J. Hudson
Assistant County Executive Officer/EDA

BJH:RZ:HO

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FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: NA	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: **APPROVE**

County Executive Office Signature *Bronda King*

- Dep't Recomm.: Policy
- Per Exec. Ofc.: Policy
- Consent
- Consent

Prev. Agn. Ref.: December 1, 1998, 3.7 **District:** 4th **Agenda Number:**

COUNTY OF RIVERSIDE
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BACKGROUND (cont'd)

On January 21, 1999, EDA requested that the FAA release the 1,129 acre Desert Center Airport from surplus property deed restrictions.

On March 27, 2003, the FAA issued the County a Letter of Intent to Release Airport Property. The term of the release letter ended December 31, 2004. EDA marketed the property during that period of time and when the initial term expired received an extension to December 31, 2005. The marketing efforts provided broad exposure to the marketplace and resulted in a number of offers being received, ranging in value from \$400,000 to \$1,375,000. Only two of the offers were in excess of \$1,000,000. EDA asked the two buyers making the highest offers to make a last and final offer using the same offer form. After careful staff review, it was determined that Metroplex One, LLC had submitted the most advantageous offer, and that staff should, upon receiving Board of Supervisors approval, enter into escrow with that company.

During the four years it took to receive the Intent to Release letter from the FAA, market values for land in the area deteriorated significantly and it is now apparent that the \$2,700,000 appraisal price is no longer achievable. The FAA requires that a sale price of less than \$2,700,000: 1) receive FAA concurrence and 2) be based on a fair-market valuation. EDA is in the process of obtaining a new appraisal which will be used to satisfy this requirement.

Economic Development Agency staff recommends that: 1) the Desert Center Airport be declared surplus property, 2) that the airport be sold at a price of \$1,375,000, subject to an appraisal establishing the fair market value at \$1,375,000 or less, and receiving approval of the sale from the FAA, and 3) County enter into escrow with Metroplex One, LLC, or other qualified respondent, on terms and conditions acceptable to EDA, including the condition that the sale be subject to first right of refusal by all other County and local Agencies. Prior to entering escrow the form of the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate will be reviewed and approved by County Counsel.