

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

512



FROM: Economic Development Agency

SUBMITTAL DATE:
April, 25 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 Assistant County Executive Officer/EDA or designee 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); and
3. Authorize the Economic Development Agency (EDA) to sell Desert Center Airport for sale at a price of not less than \$1,375,000.

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 subsequently completed and a value/recommended asking price of \$2,700,000 was established.

(Continued on page 2)

BJH:RZ:HO

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Bradley J. Hudson

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Assistant County Executive Officer/EDA

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

Bhonda King

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

Prev. Agn. Ref.: December 1, 1998, 3.7

District: 4th

Agenda Number:

BACKGROUND (continued)

It took over four years to receive the FAA's permission to offer Desert Center Airport for sale. 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 market place and resulted in a number of offers being received, ranging in value from \$400,000 to \$1,375,000. Only two of the offers exceeded \$1,000,000. EDA asked these two buyers 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 the EDA 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 have deteriorated significantly and it is now apparent that the \$2,700,000 appraisal price is no longer achievable. For any sale price of less than \$2,700,000 the FAA requires the following: 1) that the County receives FAA concurrence; and 2) that the lower price is based on a fair-market valuation. EDA is in the process of obtaining a new appraisal which will be used to satisfy the second requirement.

With no based aircraft or permanent businesses located at Desert Center Airport, the facility is not considered a viable airport. EDA receives \$10,000 a year from the State of California for operation of Desert Center Airport. In addition, EDA staff has recently renegotiated a month-to-month lease with The Titan Corporation which will generate approximately \$78,000 over the next twelve months. Offsetting these amounts are costs incurred by EDA for insurance, staff time and ongoing maintenance obligations. The absence of fencing creates an undesirable situation with regard to security. If the County maintains ownership of the airport it is estimated that improvements (particularly pavement rehabilitation work on the airport's runway and taxiway) costing at least \$200,000 will be required over the next 12 to 24 months.

Desert Center Airport is located within a redevelopment project sub-area. Sale of the airport to a private party and its subsequent development would result in substantial revenues accruing to the Redevelopment Agency.

If the FAA's authorization to offer Desert Center for sale expires, without the airport being sold, the County can expect another long passage of time to obtain FAA approval should the County decide at some future date to sell the airport.

Economic Development Agency staff recommends that: 1) the Desert Center Airport be declared surplus property; 2) 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 a first right of refusal by all other County and local Agencies; and 3) that the airport be sold at a price not less than \$1,375,000, subject to an appraisal establishing the fair market value at \$1,375,000 or less, upon receiving approval of the sale from the FAA; and 4) that 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.