



Item Number: 7

Board of Directors

Written Communications

Meeting of: October 4, 2022

Submitted By:

Keith C. Metzler, City Manager

Subject:

Purchase and Sale Agreement and Joint Escrow Instructions – Duncan Property

Recommendation:

That the Board of Directors of the Victorville Water District:

- (1) Approve the Purchase and Sale Agreement and Joint Escrow Instructions (“PSA”) between San Bernardino County (the “County”) and the Victorville Water District (the “District”) for the sale of the Duncan Property (the “Duncan Property”);
- (2) Approve Resolution VWD 22-013 amending the Annual Budget for Fiscal Year 2022-2023 relating to an appropriation of additional revenue; and
- (3) Authorize the City Manager in his capacity as General Manager of the Victorville Water District, or his designee, to execute the PSA and related escrow documents to effectuate the sale.

Fiscal Impact:

The sale of the Duncan Property will result in unbudgeted revenues in the approximate amount of \$615,000 (less escrow fees and related costs) to account 4100020-46100 (Water Sale of Real Property).

Background:

In 2007, the Victor Valley Water District and Baldy Mesa Water District were consolidated into a subsidiary district of the City of Victorville, now referred to as the Victorville Water District. All liabilities, revenues, and assets were assumed by the District upon consolidation including the former administration building used by the Baldy Mesa Water District more specifically known as the Duncan Property as shown on Attachment C. Since 2007, the building has only been used to store records and District staff has determined that the Duncan Property is not suitable for the District’s use as it is located outside the City of Victorville limits and is not conducive for efficient District operations.

Previously, on March 1, 2022, the District (at times “Seller”) adopted Resolution VWD 22-002 declaring the Duncan Property as exempt surplus land pursuant to the Surplus Land

Act as the San Bernardino County Sheriff's Department (at times "Buyer") desired to acquire the Duncan Property for the purposes of using the building as the new location of the Victor Valley Station.

Discussion:

Since March 2022, staff has worked with the County to negotiate purchase and sale terms for the Duncan Property. The attached PSA establishes the following terms: a purchase price in the amount of \$615,000, a requirement that the PSA be delivered to an escrow officer within 21-days from the effective date, a provision allowing the Buyer a 45-day due diligence period to perform environmental tests and inspection of the Duncan Property, and the close of escrow to occur as soon as possible following the expiration of the due diligence period, but no later than 30-days. Escrow fees will be shared equally among the Buyer and Seller and there are no broker fees associated with this transaction. An appraisal was recently completed in May 2022, valuing the Duncan Property at \$590,000. The offer received exceeds the appraisal and is being sold at or above fair market value. The PSA is subject to the approval of the San Bernardino County Board of Supervisors.

The acquisition of the Duncan Property will allow the Sheriff's Department to relocate its Victor Valley Station, currently located in Adelanto, to an area that will allow for the expansion of existing and future services. The location of the Duncan Property will also allow the Sheriff's Department to deploy enforcement personnel and services efficiently and quickly.

Staff seeks your Honorable Board of Directors approval of the Purchase and Sale Agreement to consummate the sale, approval and adoption of Resolution VWD 22-013 amending the Annual Budget for Fiscal Year 2022-2023 relating to an appropriation of additional revenue, and authorization for the City Manager, in his capacity as General Manager to the District, or his designee, to execute the PSA and related escrow documents.

Staff remains available for any questions or comments.

Attachments:

- A. Purchase and Sale Agreement and Joint Escrow Instructions
- B. Resolution No. VWD 22-013
- C. Map of Property