July 12, 2016

Marin County Flood Control and Water Conservation District
Board of Supervisors
3501 Civic Center Drive
San Rafael, CA 94903

SUBJECT: Purchase and Lease-Back of Real Property at 3000 Sir Francis Drake Boulevard, Fairfax between the Marin County Flood Control and Water Conservation District (District) and the Thomas Ross Perry and Janice Lynn Perry Revocable Trust, the Ross N. Perry and Bonnie L. Perry Revocable Trust and James Warren Perry (Perry’s).

Dear Board Members:

RECOMMENDATION: Approve and authorize the President to execute the following: 1) Purchase and Sale Agreement with the Perry’s; 2) Lease-Back Agreement with James Warren Perry; 3) Certificate of Acceptance of Grant of Interest in Real Property from the Perry’s; and 4) authorize Department of Finance to increase appropriations per the Fiscal Impact section below.

SUMMARY: The Perry property, also known as the former Sunnyside Nursery Growing Grounds, was identified in the Ross Valley Flow Reduction Study Report (2015) as a potential detention basin site for helping reduce downstream flood risk. The District recently became aware of a potential sale of the Perry property and contacted the owners to discuss possible mutual interest for transferring ownership of the property. At the direction of your Board, the Real Estate Division, in concert with District staff, has negotiated the enclosed Purchase and Sale Agreement which offers to sell the property to the District for $3,800,000. The Sale Agreement contains all terms and conditions of the sale, including a deposit of $38,000 that becomes nonrefundable after 45 days, a 60 day due diligence period, and a closing date of no later than October 10, 2016. Due diligence investigations prior to the completion of the sale will include a geotechnical analysis of soil conditions, hazardous materials investigation, records review, title review, and a general site inspection of existing improvements.

An additional condition of the Sale Agreement is to lease back to James Perry the existing residence and art studio that he currently occupies. The enclosed Lease-Back Agreement provides a one (1) year term for Mr. Perry to locate a replacement residence and studio suitable to his needs. Mr. Perry is eligible for relocation assistance under Federal and State law. Relocation assistance will be provided under a separate agreement consummated at a later date.
In the event that due diligence investigations are favorable and the purchase is completed, the District would proceed with a feasibility assessment for identifying alternatives for using the former nursery site for receiving and temporarily storing high flows in Fairfax Creek. Doing so would reduce downstream flood risk by detaining waters instead of allowing them to flood downtown Fairfax and other downstream communities. The project would also look at opportunities for enhancing riparian and aquatic habitat along Fairfax Creek and providing public access to the adjacent Loma Alta Open Space Preserve. The District would utilize a participatory design process to provide the community with ample opportunities to review and be involved with helping shape alternatives which may be considered for the site.

The District is presently working with the Town of San Anselmo and other stakeholders on identifying a project or group of projects which may be candidates for receiving $8.7 million in grant funds from the California Department of Water Resources, originally awarded to the Memorial Park Detention Basin Project. Use of these funds for a project at the Perry property, including real estate acquisition costs, may be possible if flood risk reduction benefits comparable to the original Memorial Park Detention Basin project can be demonstrated. A recommended replacement project for the grant will be presented to the Department of Water Resources this fall, following further analysis and comparison of the possible benefits of those projects and after considering stakeholder feedback received. County Counsel has reviewed and approved the attached documents as to form.

**FISCAL IMPACT:** The $3,800,000 purchase of this property, including the $38,000 deposit and estimated fees up to $18,000, will be funded from the Zone 9 Ross Valley Flood Fee Fund MUNIS Org 32917661, which currently has $8.8 million in available fund balance. Approval of the Purchase and Sale Agreement shall constitute approval of the use of funds as specified for the purchase and authorization for the Department of Finance to make the necessary increase in budget appropriations detailed in the table below. Following final acceptance by the California Department of Water Resources, a portion of the $3,800,000 purchase price may be eligible for reimbursement via grant funds previously secured for the Memorial Park Detention Basin Project.

<table>
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<tr>
<th>Org Code</th>
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<tr>
<td>32917661 FCZ9</td>
<td>540110 Land</td>
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<tr>
<td>32917661 FCZ9</td>
<td>522310 Misc. Expense</td>
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**REVIEWED BY:**

[X] Department of Finance  [ ] N/A
[X] County Counsel        [ ] N/A
[X] County Administrator  [ ] N/A

Respectfully submitted,

[Signature]

Eric Lueder
Chief Real Property Agent

Attachments:
1. Purchase and Sale Agreement
2. Lease-Back Agreement
3. Certificate of Acceptance

Munis Document Number: to be determined