

Appendix E: Facility Equity Analyses

November 18, 2019

Honorable Board of Directors
Marin County Transit District
3501 Civic Center Drive
San Rafael, CA 94903

SUBJECT: Approve the purchase of property at 600 Rush Landing, Novato for \$4.9 million and associated activities; authorize spending for due diligence, closing, and related costs; determine that the acquisition and continued use of the property is exempt from the California Environmental Quality Act (CEQA).

Dear Board Members:

RECOMMENDATION: Approve a Purchase and Sale Agreement to acquire the property located at 600 Rush Landing Road, Novato, California for \$4,900,000; approve execution of all documents and performance of all activities consistent with the terms of the Purchase and Sale Agreement, including a leaseback agreement with seller and delegation of authority to the General Manager to approve/accept information received during due diligence; authorize expenditures for due diligence, closing, and related costs not to exceed \$175,000; and determine that the proposed acquisition and continued use of the site is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15301 (Class 1).

SUMMARY: The District currently owns a fleet of 100 buses and paratransit vehicles operated and maintained through contracts with four vendors. The operations and maintenance of the District's fleet is performed through a county-wide network of several storage and maintenance facilities owned or leased by contractors. The District has identified the value of investing in a permanent facility to incentivize competition for service operations contracts, reduce cost uncertainty, and reduce or minimize overall operating cost growth. In 2015, your Board authorized the General Manager to identify and begin negotiating terms to purchase or lease a site for maintenance and operations facilities.

In August 2019, the Federal Transit Administration (FTA) awarded/obligated a \$4.4 million bus and bus facilities discretionary grant to the District for property acquisition and minor site improvements.

Following an extensive search, staff has identified the property located at 600 Rush Landing Road, Novato, CA (APN 125-560-01) (the "Property") for a District-owned bus storage facility. The Property is currently partially leased, including to one of the District's bus operators for District bus storage. The District would take an assignment and assumption of the existing leases, and continue those existing leases under all of the same terms and conditions. The District would also leaseback a portion of the office building to the seller.

Staff recommends that your Board approve the purchase of the Property pursuant to the attached Purchase and Sale Agreement for \$4,900,000, which is just 0.4% more than the Property's fair market value, and approve the execution of all documents and performance of all activities consistent with the terms of the Purchase and Sale Agreement, including entering a leaseback agreement with seller and delegation of authority to the General Manager to approve/accept information received during due diligence. Staff recommends that your Board authorize expenditures for due diligence, closing, and related costs in an amount not to exceed \$175,000 for items such as building inspections, title insurance premium, and a real estate broker fee. Staff recommends that your Board determine that the proposed acquisition of this Property and continued use under the existing leases is exempt from CEQA under CEQA Guidelines section 15301 (Class 1).

BACKGROUND:

Purpose and Need for Property Acquisition

The District currently owns a fleet of 100 buses and paratransit vehicles operated and maintained through contracts with four vendors. The operations and maintenance of the District's fleet is performed through a county-wide network of several storage and maintenance facilities owned or leased by contractors. The District has been able to operate and expand services with these dispersed facilities, but the District has identified the value of investing in a permanent facility as the District transitions to hybrid electric and battery electric buses. Purchasing a facility is a priority project for the District to incentivize competition for service operations contracts, reduce cost uncertainty, and reduce or minimize overall operating cost growth. District ownership of a facility will impact procurements and operations for the Local Fixed Route, Muir Woods Shuttle, West Marin Stagecoach, Community Shuttle, and paratransit operations. A parking location will enable the District to better plan for service growth and effectively deploy, maintain, and integrate new vehicle technologies.

In June 2015 your Board authorized the General Manager to identify and begin negotiating terms to purchase or lease sites for maintenance and operations facilities. In October 2016 your Board established goals and criteria for evaluating potential bus maintenance and operations facility sites. Attachment A, Initial Site Evaluation and Criteria for Siting a Marin Transit Bus Maintenance and Operations Facility, describes these selection criteria. At a minimum, the site had to be at least 3 acres for a single site or combination of two sites, consistent with the local jurisdiction's General Plan, and the purchase and development needed to be financially feasible and cost effective. Other adopted criteria included:

1. Within Marin County to minimize deadhead or non-revenue service costs
2. Accessible to US 101
3. Compatible land use / good neighbor potential
4. Sufficient size and accessibility to maneuver and store buses
5. Primary egress and ingress routes to site are compatible with local circulation plan
6. Site readiness
7. Minimal vulnerability in case of a natural disaster

8. Title VI Equity Analysis
9. Preliminary Analysis of Potential Environmental Impacts on Site Surroundings

With the assistance of a commercial real estate broker, staff explored over fifty sites for a property that met both our fleet and facility needs as well as the selection criteria. Properties meeting the District's needs are quite limited so the District has been preparing to make an offer when a suitable property was identified.

FTA Discretionary Grant

In October 2016, FTA awarded the District a \$4.4 million under its Section 5339 bus and bus facilities discretionary grant program. In August 2019, FTA awarded/obligated the funding for the property acquisition proposed here. The District is required to apply \$1.1 million in local funds as a match to the FTA grant.

Description of the Property

Following an extensive search, staff has identified the property located at 600 Rush Landing Road in Novato (APN 125-560-01) (the "Property") for a District-owned storage facility.

The Property is an about 2.5 acre site. The Property is bounded by U.S. Highway 101 on the west; SMART train tracks, a landscape contractor and open space to the east; and a privately-owned property on the south, which is the site of a Public Storage facility. Attachment B is a site map. It is assigned the Light Industrial Office (LIO) land use designation of the Novato General Plan and is zoned Planned District (PD).

The Property is improved with an approximately 10,950 square foot, two-story office building built in 1998. The bulk of the remainder of the site is paved, with the paved areas divided into passenger vehicle stalls near the building and a parking lot on the northern area.

The Property is owned by Roger L Kaehler, Trustee of the Kaehler Living Trust, and Paul S. Scheller (50%), Trustee of the Scheller Living Trust (50%). The Property has been leased since August 2012 to MV Transportation, who parks District vehicles at the site and uses a portion of the office space, and since May 1998 to Enterprise Rent-A-Car, who uses the site for office space and to store passenger cars (Enterprise does not appear to use the site as a retail rental facility for the public). The owners occupy upwards of about 900 square feet of office space. The remainder of the office building is currently vacant.

The District's Planned Use

The District anticipates acquiring the Property and using it in its existing, improved condition in the same manner as it is currently used. In particular, the District would take an assignment of the existing leases and be bound by the terms of those existing agreements. The District would leaseback a portion of the office space to the owner for a three-year period. The District anticipates using the remaining, currently vacant office space for management and administration of the operations.

No significant improvements are anticipated to be required at the site; planned improvements to enhance the property's functionality, safety, and sustainability are modest and include restriping of the pavement, enhanced fencing, improved low voltage lighting, rooftop solar panels, security cameras, and minor office building repairs.

No heavy vehicle repair will be conducted on site; there is no maintenance facility on site.

Operating and maintenance costs identified by the seller will be verified during the due diligence period. District staff will evaluate options for managing the property including hiring a management company, using currently contracted suppliers, or using existing staff.

The District has identified this property as an opportunity to acquire fee interest in parking space for some of its transit fleet. While the Property fulfills much of the Board's evaluation criteria, due to the size and shape of the site, it can't adequately store the District's entire fleet. The District will continue to search for additional suitable property to purchase for vehicle maintenance and additional vehicle parking. However, acquiring 600 Rush Landing is expected to attract new bids for contract operations, and allow for more competition in service procurements making it valuable to the District's operations.

Key Terms and Conditions of Acquisition

Staff has negotiated with the property owner on a voluntary basis to acquire an unencumbered fee simple interest in the Property. The heavily negotiated form of Purchase and Sale Agreement is attached as Attachment C. The owner has executed the agreement. Some of the key terms and conditions of the acquisition include:

Price: The purchase price is \$4,900,000. The appraised value of the Property is \$4,880,000. The appraisal prepared by Nannette F. Quigley, a State of California Certified General Real Property Appraiser, is attached as Attachment D. The appraisal was reviewed and approved by an independent appraiser, David Tattersall of David Tattersall & Co. The appraisal and appraisal review were prepared in conformance with federal standards. This purchase price is 0.4% over the appraised value, which the District has determined is a reasonable and appropriate negotiated amount.

Assignment of Leases: As described above, the Property is currently leased to MV Transportation and Enterprise Rent-A-Car. Subject to confirmation during the due diligence period, including through tenant estoppel certificates, it appears that: MV Transportation has an existing lease for about 34,000 square feet of the paved parking area for bus storage and about 1,600 square feet of the office building. The total rent is on the order of \$11,900 per month. The lease expires in December 2022. Enterprise Rent-A-Car has an existing lease for about 6,700 square feet in two suites of the building. Enterprise also leases about 25,000 square feet of the paved parking area. MCTD understands that Enterprise uses the leased space for administrative and back office functions, and that the leased premises not used as a public-facing, retail location. The total rent is on the order of \$10,500 per month. The lease expires in December 2020, although the lease provides the company two options to extend the term for five years each. The District would take an assignment of the existing leases and be bound by the terms of those existing agreements. Lease income must be dedicated to eligible transit capital or operating expenses.

Leaseback to Seller: The owners occupy upwards of about 900 square feet of office space in the building. The District would leaseback 600 square feet of the office space to the owner for a three-year term at a rent of \$1 (terminable by the occupant on 90 days' notice). The terms of the leaseback would be negotiated during the due diligence period. Staff recommends authorizing the General Manager to enter a leaseback at closing consistent with these key terms and otherwise in a form consistent with the terms and conditions of the existing leases or otherwise commercially reasonable.

As-Is Purchase; Release of Claims: The District would acquire the property in its "as-is" condition and generally release seller from any and all claims, whether direct or indirect, known

or unknown, foreseen or unforeseen, that may arise or in any way be connected with the Property, including the physical, environmental, and structural condition of the Property and including third party claims against the District. During the due diligence period, staff intends to, among other things, engage a consultant to perform a “Phase I” environmental assessment and, if warranted, further investigations.

Due Diligence Period: The District would have a 55-day period to conduct and complete a due diligence review, including such matters as title condition; lease status; physical, structural, and environmental condition; land use, zoning, and entitlement status; and suitability of the Property for the District’s intended purpose. Should the District identify material concerns with the Property, it may terminate the Agreement and receive a refund of its deposit during this due diligence period. Staff recommends authorizing the General Manager to approve/accept information received during due diligence and proceed with the closing of the purchase of the Property in the event that she determines in her reasonable discretion that such information does not materially affect the District’s interests, is consistent with the District’s expectations under the Purchase and Sale Agreement, and/or is otherwise commercially reasonable to accept.

Title Matters: The District has received a preliminary title report for the Property indicating a number of items/exceptions pertaining to the Property. Staff is not aware that any of the items will materially affect the value or use of the Property for the District’s intended purpose, but that assessment is subject to confirmation during the due diligence period. Staff intends to retain a surveyor to assist in this process.

Deposit: The District would make a \$250,000 deposit, which would be applied toward the purchase price at closing. If the District terminates the agreement during the due diligence period, the full amount of the deposit would be refunded to the District. After the close of the due diligence period, the deposit would only be refunded to the District in limited circumstances (such as breach by the seller).

Schedule: If your Board approves a Purchase and Sale Agreement to acquire the Property, escrow would open and the 55-day due diligence period would begin promptly. The closing is scheduled to occur on January 14, 2020.

Other Matters for Consideration

Novato Report on Conformity with General Plan: California Government Code Section 65402(c) requires that whenever a governmental entity intends to acquire property within the jurisdiction of another city, the local planning agency of that city must have an opportunity to report on whether the location, purpose, and extent of the proposed acquisition conforms with city’s adopted general plan. District staff requested a report from the City of Novato regarding the conformity of the District’s proposed acquisition of the Property with the 1996 Novato General Plan. On November 11, 2019 the Novato Planning Commission adopted a resolution reporting to Marin Transit that the location, purpose, and extent of the acquisition is consistent with the Novato General Plan.

Title VI Equity Analysis: The District is required to conduct a Title VI equity analysis to ensure the location identified for purchase is selected without regard to race, color, or national origin. The Property has been used for parking transit buses used in Marin Transit’s fixed route services since 2012 and for office space. Site improvements will be minimal and consist of striping, improved low voltage lighting, and fencing improvements. After considering all

potential Title VI-related impacts, staff determined that there are no equity impacts associated with acquisition of the Property. Marin Transit's purchase of the Property will not change the use or the intensity of use of the Property. An inspection of the Property disclosed that the site is surrounded by Highway 101 and undeveloped hillsides to the west and railroad tracks and a body of water known as Rush Creek to the east. The proposed purchase continues an existing use, and does not disrupt any community activities or community uses such as community centers, parks, and churches. There are no visual or noise impacts to residential properties. There are no residences located within a half mile from the Property on either side of the highway. No displacement of residential or commercial properties is required.

The Property is accessed via US-101 Exit 463 at Atherton Ave, west on Atherton Avenue, north on Redwood Blvd past the SMART rail station, and merging under the Highway onto Rush Landing Road. There are no businesses or residential properties along this route prior to accessing Rush Landing Road. There appear to be three commercial parcels located to the south of the Property on Rush Landing Road, all located within the Rush Landing Business Center. The nearest is Public Storage, a self-storage facility, located approximately 1/8 mile from the Property. The second is Brayton Purcell LLP, a law firm, located approximately 1/4 mile from the Property. The third commercial parcel appears to be occupied by Ismailia Cultural Center located approximately 1/3 mile from the Property adjacent to Highway 101. The location is completely buffered by the highway system, railroad tracks, undevelopable land, and hillside elevations. Should the District propose a change in use at a future date, Marin Transit will conduct all appropriate public noticing, outreach, and Title VI analysis.

No Displacement; Relocation Benefits: Staff has determined that because the District is acquiring the Property through a voluntary purchase and will take an assignment and assumption of the existing leases of the Property, and will continue those existing leases under all of the same terms and conditions of the existing leases and not terminate the existing leases, the seller and tenants will not be displaced persons in connection with the proposed purchase of the Property and, as such, will not be eligible for relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act.

Non-Transit Uses: As discussed above, the District will assume the leases of the current tenants of the Property upon purchase of the Property (including the existing lease with Enterprise Rent-A-Car), and leaseback a portion of office building to the seller. Also as described above, the District's proposed purchase of the site is funded with FTA funds. FTA guidance explains that FTA encourages non-transit uses of real property that can raise additional revenues for the transit system, subject to certain restrictions, which include ensuring the non-transit uses do not interfere with or compromise the transit uses, and income received from the non-transit use is dedicated to eligible transit capital or operating expenses. The District is in discussions with FTA regarding the planned non-transit uses of the Property, and the District fully-intends to comply with all applicable regulations related to non-transit uses.

Environmental Review

Based on a review of the facts and circumstances of the Property and this transaction, staff determined that the acquisition and continued use of the Property is exempt from CEQA pursuant to 14 Cal. Code Regs. ("CEQA Guidelines") section 15301 (Class 1). Section 15301 exempts projects that "consist[] of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use." Here, as described above, the District has no plans to materially alter the Property, and

the District plans to continue the existing uses of the Property. Under certain circumstances outlined in CEQA Guidelines section 15300.2, a project that otherwise qualifies for an exemption will not be exempt from CEQA. :None of the circumstances outlined in CEQA Guidelines section 15300.2 apply to the actions to acquire the Property and continue its existing use.

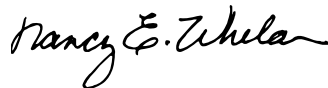
FISCAL/STAFFING IMPACT:

These board actions approve the expenditure of \$4.9 million for the purchase of the Property and \$175,000 for expenditures related to the acquisition such as due diligence, closing and related costs (e.g., building inspection, title insurance premium, escrow and recording fees, real estate broker fees). These expenditures are within the FY 2019/20 \$6.6 million capital project budget for Facility ROW Purchase (FR).

The project is funded with a \$4.4 million Federal Discretionary Section 5339 Bus and Bus Facilities Grant. The remaining amount will come from Measure A and capital reserve funds.

Staff will seek Board approval for site minor site improvements after the property is acquired and an assessment of needed improvements and priorities is complete.

Respectfully submitted,



Nancy Whelan
General Manager

- Attachments: A - Initial Evaluation Criteria for Siting a Marin Transit Bus Maintenance and Operations Facility
- B - Site Map
- C - Purchase and Sale Agreement
- D - Appraisal by Nanette Quigley



























600 Rush Landing

Threshold Criteria








These requirements must be met. If they are not met, the site will be rejected.

A	Minimum size for a single site or combination of two sites shall be at least 3 acres.	✓
B	Land use shall be consistent with the General Plan.	✓
C	Purchase and development of the site shall be financially feasible and cost effective.	✓

Selection Criteria

1	Minimize deadhead or non-revenue service costs	 Peak period travel time to San Rafael Transit Center (SRTC) less than 12 minutes and within 4 miles	
		 Peak period travel time to SRTC between less than 25 minutes and within 8 miles	
		 Peak period travel time to SRTC less than 40 minutes and within 12 miles	
		 Peak period travel time to SRTC more than 40 minutes or 12 miles	
2	Accessible to US 101	 Within 1 minute from a US 101 on ramp	
		 Within 5 minutes from a US 101 on ramp	
		 Within 10 minutes from a US 101 on ramp	
		 10+ minutes from a US 101 on ramp	
3	Compatible land use / good neighbor potential	 Current zoning and use is same or similar to proposed bus maintenance and storage facility use	
		 Zoning is consistent with a bus maintenance and storage facility, or the site is eligible for a conditional use permit	
4	Sufficient size and accessibility to maneuver and store buses	 Accommodates 75 bus and shuttle vehicles	
		 Accommodates 45 - 75 bus and shuttle vehicles	
		 Accommodates 30-45 bus and shuttle vehicles	
		 Accommodates less than 30 bus and shuttle vehicles	
5	Primary egress and ingress routes to site are compatible with local circulation plan	 Primary access route is adjacent to or on frontage road of highway	
		 Primary access route is on arterial	
		 Primary access route is on local collector	
6	Site Readiness	 Developable within three years	 +1
		 Developable within five years	
		 Developable within ten years	
		+1 * <i>Extra point if site is partially available within 2 years</i>	

600 Rush Landing

7	Minimal vulnerability in case of a natural disaster	 Multiple bus and shuttle vehicle access opportunities	
		 Single point of vehicle access	
8	Results of Title VI Equity Analysis as specified in FTA guidance C 4702.1B, issued in October 2012	 No Title VI equity impacts	N/A
		 Identified impacts can be reasonably mitigated	
		 Site meets minimum Title VI requirements based on substantial legitimate justification, though identified impacts cannot be reasonably mitigated	
9	Preliminary Analysis of Potential Environmental Impacts on Site Surroundings	 Indicates minimal or no Environmental Justice impacts, consistent with FTA guidance C 4037.1, issued in August 2012	N/A

Threshold Criteria

These requirements must be met. If they are not met, the site will be rejected.

- A Minimum size for a single site or combination of two sites shall be at least 3 acres.
- B Land use shall be consistent with the General Plan.
- C Purchase and development of the site shall be financially feasible and cost effective.

Selection Criteria		Potential Score
1	Minimize deadhead or non-revenue service costs	Peak period travel time to San Rafael Transit Center (SRTC) less than 12 minutes and within 4 miles
		Peak period travel time to SRTC between less than 25 minutes and within 8 miles
		Peak period travel time to SRTC less than 40 minutes and within 12 miles
		Peak period travel time to SRTC more than 40 minutes or 12 miles
2	Accessible to US 101	Within 1 minute from a US 101 on ramp
		Within 5 minutes from a US 101 on ramp
		Within 10 minutes from a US 101 on ramp
		10+ minutes from a US 101 on ramp
3	Compatible land use / good neighbor potential	Current zoning and use is same or similar to proposed bus maintenance and storage facility use
		Zoning is consistent with a bus maintenance and storage facility, or the site is eligible for a conditional use permit
4	Sufficient size and accessibility to maneuver and store buses	Accommodates 75 bus and shuttle vehicles
		Accommodates 45 - 75 bus and shuttle vehicles
		Accommodates 30-45 bus and shuttle vehicles
		Accommodates less than 30 bus and shuttle vehicles
5	Primary egress and ingress routes to site are compatible with local circulation plan	Primary access route is adjacent to or on frontage road of highway
		Primary access route is on arterial
		Primary access route is on local collector
6	Site Readiness	Developable within three years
		Developable within five years
		Developable within ten years
		<i>*Extra point if site is partially available within 2 years</i>
7	Minimal vulnerability in case of a natural disaster	Multiple bus and shuttle vehicle access opportunities
		Single point of vehicle access
8	Results of Title VI Equity Analysis as specified in FTA guidance C 4702.1B, issued in October 2012	No Title VI equity impacts
		Identified impacts can be reasonably mitigated
		Site meets minimum Title VI requirements based on substantial legitimate justification, though identified impacts cannot be reasonably mitigated
9	Preliminary Analysis of Potential Environmental Impacts on Site Surroundings	Indicates minimal or no Environmental Justice impacts, consistent with FTA guidance C 4037.1, issued in August 2012

Scoring: ● 3 Best ◐ 2 Adequate ◑ 1 Less than Adequate ○ 0 Inadequate



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, US User Community

February 10, 2021

Honorable Board of Directors
Marin County Transit District
3501 Civic Center Drive
San Rafael, CA 94903

SUBJECT: Approve the purchase of property at 3000 Kerner Blvd, San Rafael for \$3.25 million and associated activities; authorize spending for due diligence, closing, and related costs; determine that the acquisition and use of the property is exempt from the California Environmental Quality Act (CEQA); and adopt two FY20-21 budget amendments in the amounts of \$3.625 million and \$1.1 million, respectively, each funded with the District's Capital Reserves.

Dear Board Members:

RECOMMENDATION: Approve a Purchase and Sale Agreement to acquire the property located at 3000 Kerner Blvd, San Rafael, California for \$3.25 million; approve execution of all documents and performance of all activities consistent with the terms of the Purchase and Sale Agreement, including delegation of authority to the General Manager to approve/accept information received during due diligence; authorize expenditures for due diligence, closing, and related costs not to exceed \$375,000; determine that the proposed acquisition and use of the site is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15301 (Class 1); and adopt two FY2020/21 budget amendments in the amounts of \$3.625 million (BA# 2021-06) and \$1.1 million (BA#2021-07), respectively, each funded with the District's Capital Reserves.

SUMMARY: The District currently owns a fleet of 100 buses and paratransit vehicles operated and maintained through contracts with four vendors. The operations and maintenance of the District's fleet has historically been performed through a county-wide network of several storage and maintenance facilities owned or leased by contractors. The District has identified the value of investing in permanent, District-controlled facilities to incentivize competition for service operations contracts, reduce cost uncertainty, and reduce or minimize overall operating cost growth. In 2015, your Board authorized the General Manager to identify and begin negotiating terms to purchase or lease of sites for maintenance and operations facilities.

In January 2020, the District acquired 600 Rush Landing in Novato primarily for use as a bus storage facility. The site is not optimal for maintenance purposes, however, so the District has continued searching for an appropriate maintenance site.

Following an extensive search, staff has identified the property located at 3000 Kerner Blvd, San Rafael, CA (APN 009-121-14 and 009-131-01) (the "Property") for a District-owned bus maintenance facility. Staff recommends that your Board approve the purchase of the Property pursuant to the attached Purchase and Sale Agreement for \$3.25 million, and approve the execution of all documents and performance of all activities consistent with the terms of the Purchase and Sale Agreement, including delegation of authority to the General Manager to approve/accept information received during due diligence. Staff recommends that your Board authorize expenditures for due diligence, closing, and related costs in an amount not to exceed \$375,000 for items such as appraisal, land surveying, and title insurance premium. Staff recommends that your Board determine that the proposed acquisition of this Property and continued use under the existing leases is exempt from CEQA under CEQA Guidelines section 15301 (Class 1). Staff recommends that your Board adopt two FY2020/21 budget amendments in the amounts of \$3.625 million and \$1.1 million, respectively, each funded with the District's Capital Reserves, to accomplish the acquisition and improvements to the site.

BACKGROUND:

Purpose and Need for Property Acquisition

The District currently owns a fleet of 100 buses and paratransit vehicles operated and maintained through contracts with four vendors. The operations and maintenance of the District's fleet has historically been performed through a county-wide network of several storage and maintenance facilities owned or leased by contractors. The District has been able to operate and expand services with these dispersed facilities, but the District has identified the value of investing in permanent facilities as the District transitions to hybrid electric and battery electric buses. Purchasing a facility has been a priority project for the District to incentivize competition for service operations contracts, reduce cost uncertainty, and reduce or minimize overall operating cost growth. District ownership of a facility will impact procurements and operations for the Local Fixed Route, Muir Woods Shuttle, West Marin Stagecoach, Community Shuttle, and paratransit operations. District owned facilities will enable the District to better plan for service growth and effectively deploy, maintain, and integrate new vehicle technologies.

In June 2015, your Board authorized the General Manager to identify and begin negotiating terms to purchase or lease sites for maintenance and operations facilities. In October 2016 your Board established goals and criteria for evaluating potential bus maintenance and operations facility sites. Attachment A, Initial Evaluation Criteria for Siting a Marin Transit Bus Maintenance and Operations Facility, describes these selection criteria. At a minimum, the site had to be at least 3 acres for a single site or combination of two sites, consistent with the local jurisdiction's General Plan, and the purchase and development needed to be financially feasible and cost effective. Other adopted criteria included:

1. Within Marin County to minimize deadhead or non-revenue service costs
2. Accessible to US 101
3. Compatible land use / good neighbor potential
4. Sufficient size and accessibility to maneuver and store buses
5. Primary egress and ingress routes to site are compatible with local circulation plan
6. Site readiness
7. Minimal vulnerability in case of a natural disaster

8. Title VI Equity Analysis
9. Preliminary Analysis of Potential Environmental Impacts on Site Surroundings

With the assistance of a commercial real estate broker, staff explored over fifty-five sites for a property that met both our fleet and facility needs as well as the selection criteria. Properties meeting the District's needs are quite limited.

In January 2020, the District acquired 600 Rush Landing in Novato primarily for use as a bus storage facility. As staff noted at the time of the acquisition, the site meets only a portion of the fleet parking needs, so the District has continued searching for additional parking and maintenance sites. The focus of the current search has been on an appropriate site for vehicle maintenance.

Description of the Property

Following an extensive search, staff has identified the property located at 3000 Kerner Blvd, San Rafael, CA (APN 009-121-14 and 009-131-01) (the "Property") for a District-owned bus maintenance facility.

The Property is an about 0.31 acre site. The Property is bounded Kerner Boulevard to the west, a vacant tidal wetlands to the east, and privately owned property to the north and south. Attachment B is a site map. The Property is located within San Rafael's Light Industrial/Office (LI/O) zoning district and is similarly designated by San Rafael for light industrial/office use per General Plan 2020. Uses in the immediate vicinity of the Property include commercial and non-profit offices, a UPS sorting facility, and an industrial supply company.

The Property is improved with an approximately 10,000 square foot, one-story warehouse/office building built in 1978. Approximately 3,000 square feet is currently used as an office, while approximately 7,000 square feet is used as a warehouse. The warehouse portion has 3 roll-up doors. The site has limited parking for up to four paratransit vans and 15 automobiles.

The Property is owned by John R Strahm and Irene W.P. Strahm Revocable Living Trust. The seller currently leases the property to a commercial printing business under a month-to-month lease. In December 2020, the seller listed the property on the market for lease and was soliciting a new tenant/lessee at the time the District made its offer to purchase the Property.

The District's Planned Use

The District anticipates acquiring the Property and using it in its existing, improved condition for vehicle maintenance activities, including automatic brake adjustment verification; inspection of safety components; inspection of other systems and components; lubrication; replacement of brake pads, pack wheel bearings, and similar; transmission service; and bus washing and interior cleaning. The building may also be used for maintenance administration, parts inventory, paratransit scheduling and dispatch, travel navigator offices, and employee breakroom. The site is not anticipated to be used for major vehicle repairs (such as transmission replacements, component rebuilds, paint and body work, or upholstery work); fueling; or bus parking/storage.

No significant improvements are anticipated to be required at the site. Planned improvements are intended to enhance the property's functionality and safety. Interior improvements may include improved accessibility, removal of drop ceilings, installation of vehicle lifts, safety enhancements, and minor electrical alterations. Planned exterior modifications may include safety lighting, perimeter fencing, and front gate. Other potential improvements may include

installation of additional roll-up doors to enhance access options, and a landscape irrigation system.

Operating and maintenance costs will be verified during the due diligence period. District staff will evaluate options for managing the property including hiring a management company, using currently contracted suppliers, or using existing staff.

The acquisition of this Property, when combined with the previously acquired 600 Rush Landing site, fulfills much of the Board's evaluation criteria. Acquiring the Property is expected to attract new bids for contract operations, and allow for more competition in service procurements making it valuable to the District's operations.

Key Terms and Conditions of Acquisition

Staff has negotiated with the property owner on a voluntary basis to acquire an unencumbered fee simple interest in the Property. The negotiated form of Purchase and Sale Agreement is attached as Attachment C. The seller has executed the agreement. Some of the key terms and conditions of the acquisition include:

Price: The purchase price is \$3.25 million. The District will complete an appraisal during the due diligence period to confirm the appropriateness of the negotiated price.

Occupancy: As described above, the Property is currently leased on a month-to-month basis. The seller was actively seeking a new tenant at the time the District made its offer to purchase. At the close of the due diligence period, the seller/landlord will exercise its right to give the tenant a notice of termination. The District will acquire an unencumbered interest in the Property and the Property will be vacant at closing.

As-Is Purchase; Release of Claims: The District would acquire the property in its "as-is" condition and generally release seller from claims related to the condition of the Property. During the due diligence period, staff intends to, among other things, engage a consultant to perform a "Phase I" environmental assessment and, if warranted, further investigations.

Due Diligence Period: The District would have a 60-day period to conduct and complete a due diligence review, including such matters as title condition; lease status; appraisal; physical, structural, and environmental condition; land use, zoning, and entitlement status; and suitability of the Property for the District's intended purpose. Should the District identify material concerns with the Property, it may terminate the Agreement and receive a refund of its deposit during this due diligence period. Staff recommends authorizing the General Manager to approve/accept information received during due diligence and proceed with the closing of the purchase of the Property in the event that she determines in her reasonable discretion that such information does not materially affect the District's interests, is consistent with the District's expectations under the Purchase and Sale Agreement, and/or is otherwise commercially reasonable to accept.

Title Matters: The District has received a preliminary title report for the Property indicating a limited number of items/exceptions pertaining to the Property. Staff is not aware that any of the items will materially effect the value or use of the Property for the District's intended purpose, but that assessment is subject to confirmation during the due diligence period. Staff intends to retain a surveyor to assist in this process.

Deposit: The District would make an initial \$100,000 deposit upon opening escrow and an additional \$150,000 deposit at the end of the due diligence period (\$250,000 total), which would be applied toward the purchase price at closing. If the District terminates the agreement during the due diligence period, the full amount of the deposit would be refunded to the District. After the close of the due diligence period, the deposit would only be refunded to the District in limited circumstances (such as breach by the seller).

Schedule: If your Board approves a Purchase and Sale Agreement to acquire the Property, escrow would open and the 60-day due diligence period would begin promptly. The closing would occur on the earlier of 95 days or 5 days after the tenant has vacated (but not before completion of due diligence). Staff expects closing to occur by no later than July 15, 2021.

Other Matters for Consideration

San Rafael Report on Conformity with General Plan: California Government Code Section 65402(c) requires that whenever a governmental entity intends to acquire property within the jurisdiction of another city, the local planning agency of that city must have an opportunity to report on whether the location, purpose, and extent of the proposed acquisition conforms with city's adopted general plan. District staff requested a report from the City of San Rafael regarding the conformity of the District's proposed acquisition of the Property with San Rafael's general plan. On February 5, 2021 the San Rafael Community Development Director issued a letter reporting to the District that the acquisition and use is consistent with the San Rafael General Plan 2020.

Title VI Equity Analysis: The District is required to conduct a Title VI equity analysis to ensure the location identified for purchase is selected without regard to race, color, or national origin. No engine or bodywork will be performed at the site.

After considering all potential Title VI-related impacts, staff determined that there are no equity impacts associated with acquisition of the Property. The District's purchase of the Property will not change the intensity of use of the Property and will be consistent with the existing light industrial and commercial activities on site, and those same uses at adjacent properties.

An inspection of the Property disclosed that the site is on the east side of Kerner Blvd. To the west of Kerner Blvd. is E. Francisco Blvd, a freeway frontage road immediately adjacent to and parallel with Highway 101. The east side of the Property consists of vacant land/wetlands. The developed properties in this area are primarily used for light industrial operations. The proposed purchase will not disrupt any community activities or community uses such as community centers, parks, and churches. There are no residences located within a half mile from the Property on either side of Kerner Blvd, and there are no visual or noise impacts to residential properties. No displacement of residential or commercial properties is required.

The property immediately to the south at 2980 Kerner Blvd was formerly used for manufacturing and industrial equipment and supplies and a portion of the building is currently rented to Silk Road Teas. A Ross Valley Sanitary District facility is located on the other side of that building, at 2960 Kerner Blvd. Immediately to the north is an animal protection organization at 3010 Kerner Blvd. The building at 3020 Kerner houses an insurance agency and Integrated Community Services (ICS). ICS is a non-profit organization for people with disabilities to assist with careers, housing and life skills. A youth gymnastics academy is located to further north at 3030 Kerner Blvd. Immediately across from the Property there is a major UPS shipping and distribution facility at 2985 Kerner Blvd. Other nearby uses include an electrical supply store, car rental,

auto repair, bathroom supply, signage shop, U-Haul, fast food businesses, and warehouses. The Property is accessed directly via Kerner Blvd from the north and south.

While not currently anticipated, should the District propose a change in use in the future, the District will conduct all appropriate public noticing, outreach, and Title VI analysis.

No Displacement; Relocation Benefits: Staff has determined that because the District is acquiring the Property through a voluntary sale, and because the tenant occupies on a month-to-month basis and the seller was actively soliciting a new tenant for the site at the time the District made its offer to purchase, the seller and tenant will not be displaced persons in connection with the proposed purchase of the Property and, as such, will not be eligible for relocation assistance under state law.

Environmental Review

Based on a review of the facts and circumstances of the Property and this transaction, staff determined that the acquisition and use of the Property is exempt from CEQA pursuant to 14 Cal. Code Regs. ("CEQA Guidelines") section 15301 (Class 1). Section 15301 exempts projects that "consist[] of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use beyond that existing at the time of lead agencies determination." Here, as described above, the District has no plans to materially alter the Property, and the District plans to continue the existing light industrial use of the Property with minor alterations to the interior and exterior. Under certain circumstances outlined in CEQA Guidelines section 15300.2, a project that otherwise qualifies for an exemption will not be exempt from CEQA. None of the circumstances outlined in CEQA Guidelines section 15300.2 apply to District's proposed acquisition and use of the Property.

FISCAL/STAFFING IMPACT:

These board actions approve the expenditure of \$3.25 million for the purchase of the Property and \$375,000 for expenditures related to the acquisition such as due diligence, closing, and related costs (e.g., building inspection, title insurance premium, escrow and recording fees).

To accomplish the acquisition and in anticipation of the planned improvements to the site, staff recommend that the Board adopt two FY20-21 budget amendments:

- 2021-06 would add project Maintenance Facility Purchase (FA) with budget of \$3.625 million funded with the District's Capital Reserves.
- 2021-07 would add project Maintenance Facility Improvements (FD) with a budget of \$1.1 million funded with the District's Capital Reserves.

The District currently has a Capital Reserve of \$15.2 million funded with unspent prior year property tax funding. Adoption of budget amendments 2021-06 and 2021-07 program the expenditure of \$4.725 million of the District reserves. Based on current year estimated actuals, the District may have approximately \$1.0 million in current year property tax funds and Measure AA capital funds that can be transferred to these projects and reduce the expenditure of reserves.

Respectfully submitted,

Nancy Whelan
General Manager

ATTACHMENTS: Attachment A - Initial Evaluation Criteria for Siting a Marin Transit Bus
Maintenance and Operations Facility

Attachment B - Site Map

Attachment C - Purchase and Sale Agreement

Threshold Criteria

These requirements must be met. If they are not met, the site will be rejected.

A	Minimum size for a single site or combination of two sites shall be at least 3 acres.	✓ Combined with property at Rush Landing (and other sites)
B	Land use shall be consistent with the General Plan.	✓
C	Purchase and development of the site shall be financially feasible and cost effective.	✓

Selection Criteria

1	Minimize deadhead or non-revenue service costs	<ul style="list-style-type: none"> <input checked="" type="radio"/> Peak period travel time to San Rafael Transit Center (SRTC) less than 12 minutes and within 4 miles <input type="radio"/> Peak period travel time to SRTC between less than 25 minutes and within 8 miles <input type="radio"/> Peak period travel time to SRTC less than 40 minutes and within 12 miles <input type="radio"/> Peak period travel time to SRTC more than 40 minutes or 12 miles 	<input checked="" type="radio"/>
2	Accessible to US 101	<ul style="list-style-type: none"> <input checked="" type="radio"/> Within 1 minute from a US 101 on ramp <input type="radio"/> Within 5 minutes from a US 101 on ramp <input type="radio"/> Within 10 minutes from a US 101 on ramp <input type="radio"/> 10+ minutes from a US 101 on ramp 	<input type="radio"/>
3	Compatible land use / good neighbor potential	<ul style="list-style-type: none"> <input checked="" type="radio"/> Current zoning and use is same or similar to proposed bus maintenance and storage facility use <input type="radio"/> Zoning is consistent with a bus maintenance and storage facility, or the site is eligible for a conditional use permit 	<input type="radio"/>
4	Sufficient size and accessibility to maneuver and store buses	<ul style="list-style-type: none"> <input checked="" type="radio"/> Accommodates 75 bus and shuttle vehicles <input type="radio"/> Accommodates 45 - 75 bus and shuttle vehicles <input type="radio"/> Accommodates 30-45 bus and shuttle vehicles <input type="radio"/> Accommodates less than 30 bus and shuttle vehicles 	<input type="radio"/> Site is maneuverable & accommodates maintenance functions
5	Primary egress and ingress routes to site are compatible with local circulation plan	<ul style="list-style-type: none"> <input checked="" type="radio"/> Primary access route is adjacent to or on frontage road of highway <input type="radio"/> Primary access route is on arterial <input type="radio"/> Primary access route is on local collector 	<input checked="" type="radio"/>
6	Site Readiness	<ul style="list-style-type: none"> <input checked="" type="radio"/> Developable within three years <input type="radio"/> Developable within five years <input type="radio"/> Developable within ten years +1 * <i>Extra point if site is partially available within 2 years</i> 	<input checked="" type="radio"/> +1
7	Minimal vulnerability in case of a natural disaster	<ul style="list-style-type: none"> <input checked="" type="radio"/> Multiple bus and shuttle vehicle access opportunities <input type="radio"/> Adequate vehicle access opportunities <input type="radio"/> Single point of vehicle access 	<input type="radio"/>

Site Map: 3000 Kerner Blvd





711 grand ave, #110
san rafael, ca 94901

ph: 415.226.0855
fax: 415.226.0856
marintransit.org

May 2, 2022

Honorable Board of Directors
Marin County Transit District
3501 Civic Center Drive
San Rafael, CA 94903

board of directors

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president
supervisor district 3

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director
supervisor district 1

dennis rodoni
director
supervisor district 4

brian colbert
alternate
town of san anselmo

SUBJECT: Approve the purchase of property at 3010 & 3020 Kerner Blvd, San Rafael for \$3.5 million; authorize spending \$350,000 for due diligence, closing, and related costs; determine that the proposed acquisition and use of the site is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15332 (Class 32) (In-Fill Development Projects), as well as section 15301 (Class 1) (Existing Facilities), and is not subject to CEQA under section 15061(b)(3); and adopt budget amendment #2022-03 to add the capital project.

Dear Board Members:

RECOMMENDATION: Approve a Purchase and Sale Agreement to acquire the property located at 3010 & 3020 Kerner Blvd, San Rafael, California for \$3.5 million; approve execution of all documents and performance of all activities consistent with the terms of the Purchase and Sale Agreement, including delegation of authority to the General Manager to approve/accept information received during due diligence; authorize expenditures for due diligence, closing, and related costs not to exceed \$350,000; determine that the proposed acquisition and use of the site is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15332 (Class 32) as well as section 15301 (Class 1) and is not subject to CEQA under section 15061(b)(3); and adopt FY2021/22 budget amendment (BA#2022-03) to add the capital project.

SUMMARY: The District currently owns a fleet of 100 buses and paratransit vehicles operated and maintained through contracts with four vendors. The operations and maintenance of the District's fleet has historically been performed through a county-wide network of several storage and maintenance facilities owned or leased by contractors. The District has identified the value of investing in permanent, District-controlled facilities to incentivize competition for service operations contracts, reduce cost uncertainty, and reduce or minimize overall operating cost growth.

In January 2020, the District acquired 600 Rush Landing in Novato primarily for use as a bus storage facility. In July 2021, the District acquired a 10,000 square foot building on a 0.71 acre site at 3000 Kerner in San Rafael. The District has renovated the building to serve as the Marin Access (paratransit) Operations facility housing maintenance, dispatch, call center, Travel Navigators, and administrative staff for demand response transit services. This site does not provide any overnight parking for transit vehicles.

Staff has continued searching for appropriate locations for transit vehicle parking in the County and has identified the property located at 3010 & 3020 Kerner Blvd, San Rafael, CA (APN 009-121-12 and 009-121-13) (the "Property") for a District-owned transit vehicle parking facility. Staff recommends that your Board approve the purchase of the Property pursuant to the attached Purchase and Sale Agreement for \$3.5 million, and approve the execution of all documents and performance of all activities consistent with the terms of the Purchase and Sale Agreement, including delegation of authority to the General Manager to approve/accept information received during due diligence. Staff recommends that your Board authorize expenditures for due diligence, broker commission, closing, and related costs in an amount not to exceed \$350,000 for items such as appraisal, land surveying, and title insurance premium. Staff recommends that your Board determine that the proposed acquisition and use of the site is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15332 (Class 32) (In-Fill Development Projects), as well as section 15301 (Class 1) (Existing Facilities), and is not subject to CEQA under section 15061(b)(3). Staff recommends that your Board adopt Budget Amendment 2022-03 to add \$3.85 million total capital project cost to the capital budget.

BACKGROUND:

Purpose and Need for Property Acquisition

The District currently owns a fleet of 100 buses and paratransit vehicles operated and maintained through contracts with four vendors. The operations and maintenance of the District's fleet has historically been performed through a county-wide network of several storage and maintenance facilities owned or leased by contractors. The District has been able to operate and expand services with these dispersed facilities, but the District has identified the value of investing in permanent District-controlled facilities as the District transitions to battery electric buses. Purchasing a facility has been a priority project for the District to incentivize competition for service operations contracts, reduce cost uncertainty, and reduce or minimize overall operating cost growth. District ownership of a facility will impact procurements and operations for all Marin Transit services. District owned facilities will enable the District to better plan for service growth and effectively deploy, maintain, and integrate new vehicle technologies. Past studies concluded that Marin Transit needed approximately 10 acres to operate and maintain its fleet.

In January 2022, your Board continued to authorize the General Manager to issue non-binding offers to lease or own property for parking and maintaining the Marin Transit fleet. In October 2016 your Board established goals and criteria for evaluating potential bus maintenance and operations facility sites. Attachment A, Initial Evaluation Criteria for Siting a Marin Transit Bus Maintenance and Operations Facility, describes these selection criteria. At a minimum, the site had to be at least 3 acres for a single site or combination of two sites, consistent with the local jurisdiction's General Plan, and the purchase and development needed to be financially feasible and cost effective. Other adopted criteria included:

1. Within Marin County to minimize deadhead or non-revenue service costs

2. Accessible to US 101
3. Compatible land use / good neighbor potential
4. Sufficient size and accessibility to maneuver and store buses
5. Primary egress and ingress routes to site are compatible with local circulation plan
6. Site readiness
7. Minimal vulnerability in case of a natural disaster
8. Title VI Equity Analysis
9. Preliminary Analysis of Potential Environmental Impacts on Site Surroundings

With the assistance of a commercial real estate broker, staff has explored over seventy-five sites for a property that met both our fleet and facility needs as well as the selection criteria. Properties meeting the District's needs are quite limited and no single site has been identified.

In January 2020, the District acquired 600 Rush Landing in Novato, a 2.5 acre site primarily used as a bus storage facility. As staff noted at the time of the acquisition, the site meets only a portion of the fleet parking needs, so the District has continued searching for additional parking and maintenance sites. In July 2021, Marin Transit acquired 3000 Kerner Blvd in San Rafael, a 0.71 acre site with a 10,000 square foot building. The building has been renovated for use as a paratransit (shuttle) vehicle maintenance facility and operations center for Marin Access Services. The site does not provide overnight parking for transit vehicles. Although Marin Transit has achieved some of the goals by acquiring these properties, additional sites are needed for vehicle parking and maintenance. The proposed acquisition of 3010 & 3020 Kerner Blvd will provide some of the additional parking the District needs, but will not meet all of the fleet parking and maintenance requirements.

The District's Planned Use/ Description of the Project

The District is a transit district whose purpose is to develop, finance, organize, and provide local Marin County transit service in a manner consistent with an overall San Francisco Bay Area regional transit system. The District currently operates local fixed route, paratransit, and mobility management services under contracts with service providers. The District typically provides these contractors with the vehicles needed to operate the service and relies on the contractors to provide some of their own operations and maintenance facilities. The existing operations and maintenance facilities are dispersed throughout the county.

The District is interested in purchasing the property at 3010 & 3020 Kerner Blvd, San Rafael, CA (the "Property") for parking a portion of its existing fleet. A site map is shown in Attachment B. The District's acquisition of the Property and use for parking is expected to increase competition for contracted services by expanding future procurement opportunities to include bidders who do not have access to fleet parking within the county, reduce long term risk, improve efficiency, and reduce operating costs. The proposed acquisition and use of the Property is not expected to result in an increase in the District's existing vehicle fleet or operating capacity. Instead, the project is expected to relocate and consolidate certain existing operations.

The Property is currently improved with two adjacent office buildings totaling about 9,990 square feet situated on two parcels with a total site area of about 42,414 square feet (about 0.97 acres). The Property has been used as a commercial office (some of which is currently vacant). The site is predominantly covered by the existing office structures and pavement. The site currently has parking for approximately 31 passenger vehicles.

The property is owned by In Defense of Animals, a California not-for-profit public benefit corporation. Administrative offices for In Defense of Animals are in one building and the District understands that the owner leases portions of the other building to three tenants on a month-to-month basis. The District is informed that the tenants are Integrated Community Services, Simon Insurance, and Bayside HVAC.

The Property is located in a built environment and substantially surrounded by urban uses. The Property is adjacent to 3000 Kerner, a site owned by the District and used for vehicle maintenance. A storage locker facility, Storage House, is across the street to the west and a gymnasium is immediately adjacent to the north of the site. Other light industrial businesses along this part of Kerner Boulevard include a UPS sorting facility, a tea company, sanitary district offices and service vehicle parking, a kitchen and bath supply showroom, mechanical contractors, storage locker businesses, and several multi-tenant warehouse spaces.

The District plans to acquire the Property, demolish the existing office structures, and make minor improvements to the site, including paving the site, painting striping for parking, and installing perimeter fencing, a gate, and lighting improvements for security. The District plans to use the site for overnight parking for a portion of its existing vehicle fleet. Approximately 40-45 transit vehicles could be parked on the site. Vehicles would enter and exit the site via the existing driveways at Kerner Blvd (via Bellam Blvd and Interstate 580). Vehicles would primarily be stored overnight, leaving the site in the morning around 7 a.m. to provide daytime service and returning to the site in the afternoon and evening between 3 p.m. and 11 p.m. at the conclusion of service. The District plans that up to 40 employee passenger vehicles may be parked on the site during the daytime hours. No repair or maintenance work is planned to occur on the Property.

Key Terms and Conditions of Acquisition

Staff has negotiated with the property owner on a voluntary basis to acquire an unencumbered fee simple interest in the Property. The negotiated form of Purchase and Sale Agreement is attached as Attachment C. Some of the key terms and conditions of the acquisition include:

Price: The purchase price is \$3.5 million. The District believes the negotiated price is fair and reasonable.

Occupancy: As described above, District understands that the Property is currently partially occupied by Seller and partially leased on a month-to-month basis to three tenants. The District will acquire an unencumbered interest in the Property and the Property will be vacant at closing.

As-Is Purchase; Release of Claims: The District would acquire the property in its “as-is” condition and generally release Seller from claims related to the condition of the Property. During the due diligence period, staff intends to, among other things, engage a consultant to perform a “Phase I” environmental assessment and, if warranted, further investigations.

Due Diligence Period: The District would have a 60-day period to conduct and complete a due diligence review, including such matters as title condition; lease status; appraisal; physical, structural, and environmental condition; land use, zoning, and entitlement status; and suitability of the Property for the District’s intended purpose. Should the District identify material concerns with the Property, it may terminate the Agreement and receive a refund of its deposit during this due diligence period. Staff recommends authorizing the General Manager to approve/accept information received during due diligence and proceed with the closing of the purchase of the Property in the event that she determines in her reasonable discretion that such information

does not materially affect the District's interests, is consistent with the District's expectations under the Purchase and Sale Agreement, and/or is otherwise commercially reasonable to accept.

Title Matters: The District has received a preliminary title report for the Property indicating a limited number of items/exceptions pertaining to the Property. Staff is not aware that any of the items will materially affect the value or use of the Property for the District's intended purpose, but that assessment is subject to confirmation during the due diligence period. Staff has retained a surveyor to assist in this process.

Deposit: The District would make an initial \$100,000 deposit upon opening escrow, which would be applied toward the purchase price at closing. If the District terminates the agreement during the due diligence period, the full amount of the deposit would be refunded to the District. After the close of the due diligence period, the deposit would only be refunded to the District in limited circumstances (such as breach by the seller).

Schedule: If your Board approves a Purchase and Sale Agreement to acquire the Property, Seller would be required to sign the agreement no later than May 5, 2022, the parties would open escrow shortly thereafter, and the 60-day due diligence period would begin promptly. The closing would occur 30 days after completion of due diligence. Staff expects closing to occur no later than August 9, 2022.

Other Matters for Consideration

San Rafael Report on Conformity with General Plan: California Government Code Section 65402(c) requires that whenever a governmental entity intends to acquire property within the jurisdiction of another city, the local planning agency of that city must have an opportunity to report on whether the location, purpose, and extent of the proposed acquisition conforms with city's adopted general plan. District staff requested a report from the City of San Rafael regarding the conformity of the District's proposed acquisition of the Property with San Rafael's general plan. On April 26, 2022 the San Rafael Community Development Director issued a letter reporting to the District that the acquisition and use is consistent with the San Rafael General Plan 2040.

Title VI Equity Analysis: The District is required to conduct a Title VI equity analysis to ensure the location identified for purchase is selected without regard to race, color, or national origin. No engine or bodywork will be performed at the site.

After considering all potential Title VI-related impacts, staff determined that there are no equity impacts associated with acquisition of the Property. The District's purchase of the Property will not change the intensity of use of the Property and will be consistent with the existing light industrial and commercial activities on site, and those same uses at adjacent properties.

An inspection of the Property disclosed that the site is on the east side of Kerner Blvd. To the west of Kerner Blvd. is E. Francisco Blvd, a freeway frontage road immediately adjacent to and parallel with Highway 101. The east side of the Property consists of vacant land. The developed properties in this area are primarily used for light industrial operations. The proposed purchase will not disrupt any community activities or community uses such as community centers, parks, and churches. There are no residences located within a half mile from the Property on either side of Kerner Blvd, and there are no visual or noise impacts to residential properties. No displacement of residential or commercial properties is required.

The property immediately to the south at 3000 Kerner Blvd is the Marin Access Operations facility, a building housing Marin Transit's paratransit maintenance facility, call center, Travel Navigators, and administrative offices. Further south of the Marin Access Operations center, the building at 2980 Kerner Blvd was formerly used for manufacturing and industrial equipment and supplies and a portion of the building is currently rented to Silk Road Teas. A Ross Valley Sanitary District facility is located on the other side of that building, at 2960 Kerner Blvd. A youth gymnastics academy is located immediately to the north at 3030 Kerner Blvd. Immediately across Kerner from the Property there is a back entrance to Storage House, a storage locker business and the street address of this business is 1325 Francisco Blvd East. Other nearby uses include a major UPS shipping and distribution facility, auto repair, bathroom supply showroom, signage shop, U-Haul, fast food businesses, and warehouses. The Property is accessed directly via Kerner Blvd from the north and south.

While not currently anticipated, should the District propose a change in use in the future, the District will conduct all appropriate public noticing, outreach, and Title VI analysis.

No Displacement; Relocation Benefits: Staff has determined that because the District is acquiring the Property through a voluntary sale, and because the tenants occupy on a month-to-month basis, and Seller is exercising its existing right to terminate the leases for Seller's benefit, the Seller and tenants will not be displaced persons in connection with the proposed purchase of the Property and, as such, will not be eligible for relocation assistance under state law.

Environmental Review

Based on a review of the facts and circumstances of the Property and this transaction, staff determined that the acquisition and use of the Property is exempt from CEQA pursuant to 14 Cal. Code Regs. ("CEQA Guidelines") section 15332 (Class 32) (In-Fill Development Projects). Section 15332 exempts projects characterized as in-fill development meeting the following five conditions: (a) project is consistent with the applicable general plan designation and zoning designation; (b) proposed development occurs within city limits on a project site of no more than five acres, substantially surrounded by urban uses; (c) project site has no value as habitat for endangered, rare, or threatened species; (d) project would not result in significant effects related to traffic, noise, air quality, or water quality; and (e) project site can adequately be served by all required utilities and public services. The proposed project falls squarely in the Class 32 exemption. The City of San Rafael has concluded that the use is consistent with the land use planning documents. The site is less than one acre and substantially surrounded by urban uses. The site and many neighboring uses are already built. Accordingly, the site has no value for habitat and is adequately services by existing utilities and public services. The demolition of the existing structure, minor improvements, and use for overnight parking for existing fleet vehicles would not result in significant effects related to traffic, noise, air quality, or water quality.

Staff has also determined that the acquisition and use of the Property is exempt from CEQA pursuant to CEQA Guidelines section 15301 (Class 1) (Existing Facilities), which includes "the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use." Examples of qualifying projects under Class 1 include, but are not limited to, demolition and removal of up to three commercial structures in urbanized areas designed for an occupant load of 30 persons or less per structure on sites zoned for commercial use. The proposed project includes demolition of just two structures in an urban area on a site zoned for commercial use. Although the occupant load of the existing structures exceed 30 persons, the actual occupancy of the structures is understood to be less. Given the context in which the property is located and the nature of the proposed project, the District concludes that Class 1 applies.

Under certain circumstances outlined in CEQA Guidelines section 15300.2, a project that otherwise qualifies for an exemption will not be exempt from CEQA. None of the circumstances outlined in CEQA Guidelines section 15300.2 apply to District's proposed acquisition and use of the Property.

Lastly, staff has concluded the proposed project is not subject to CEQA pursuant to CEQA Guidelines section 15061(b)(3) (General Rule), because it can be seen with a certainty that there is no possibility that the project may have a significant effect on the environment.

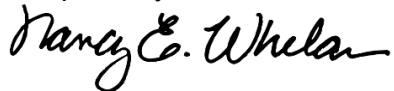
FISCAL/STAFFING IMPACT:

These board actions approve the expenditure of \$3.5 million for the purchase of the Property and \$350,000 for expenditures related to the acquisition such as due diligence, closing, and related costs (e.g., appraisal, land surveying, broker commission, title insurance premium, escrow, staff time and recording fees).

To accomplish the acquisition of the site, staff recommend that the Board adopt FY2021/22 budget amendment 2022-03 to add \$3.85 million total capital project cost to the capital budget. The property acquisition is already included in the draft FY2022/23 Budget.

The project will be funded with the District capital reserves. The district had \$19.2 million in capital reserves at the end of FY2020/21 and with this planned expenditure and estimated actuals for FY2021/22, the draft FY2022/23 budget anticipates a capital reserve of \$16.7 million at the close of FY2022/23.

Respectfully submitted,



Nancy Whelan
General Manager

- Attachments:
- Attachment A - Initial Evaluation Criteria for Siting a Marin Transit Bus Maintenance and Operations Facility
 - Attachment B - Site Map
 - Attachment C - Purchase and Sale Agreement