

6/7/2022

item 7



**City Council**

**Item #7: Resolution Declaring  
the Loyalton Property  
Surplus**

**RTC #22-768**

**June 7, 2022**

1



**Background**

- Loyalton Property - 10,270 rural acres of undeveloped land in Lassen and Sierra Counties near the California-Nevada border
- Purchased the property with Electric Utility funds in 1977 for \$1,613,850
- December 14, 2021 - City Council directed staff to develop a strategy for the sale of Loyalton
- March 8, 2022 - City Council voted to Note and File the Strategy and Next Steps for the sale of Loyalton
  - Complete an updated Appraisal for the property.
  - Schedule tours of the property for Councilmembers who are interested to visit the site.
  - Schedule for City Council consideration declaration of the property as Surplus Land.

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**POST MEETING MATERIAL**

1



## Discussion

- ☒ Updated Appraisal - Completed
  - Valbridge Property Advisers completed an appraisal for the property (Attachment 1). The property was appraised at \$4,370,000.
- ☒ City Council Member's Visited Loyalton
  - Completed on April 26
- ☐ Consideration to Declare of Property As Surplus
  - Resolution declares the property as Surplus Land.
  - Council finds that the City owns the Property in fee simple, the City does not currently use it, and the City has no written or adopted plan for future use.
  - Council finds that the Property has not been suitable for its intended electric utility purposes.
  - The Property is no longer necessary for the City's use or operations and thus should be declared surplus.

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## Next Steps

- Notice of Availability
  - If the City Council adopts the proposed Resolution declaring the Loyalton Ranch as Surplus Land, staff will proceed with issuing a Notice of Availability (NOA)
- After the City issues the NOA, it cannot take any action to dispose of the Loyalton Ranch Property for 60 days
- If the City receives one or more responses to the NOA within those 60 days, the City must engage in good faith negotiations with the responding parties for at least 90 days
- There are specific requirements regarding accepting and rejecting certain types of offers, and the City will provide the City Council with any necessary updates as the process continues

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The seal of the City of Santa Clara, California, is circular. It features a central illustration of a mission-style building with a red roof and a bell tower, set against a blue sky with clouds and green grass. The year "1852" is inscribed below the building. The outer ring of the seal contains the text "CITY OF SANTA CLARA CALIFORNIA" at the top and "THE MISSION CITY" at the bottom, separated by small dots.

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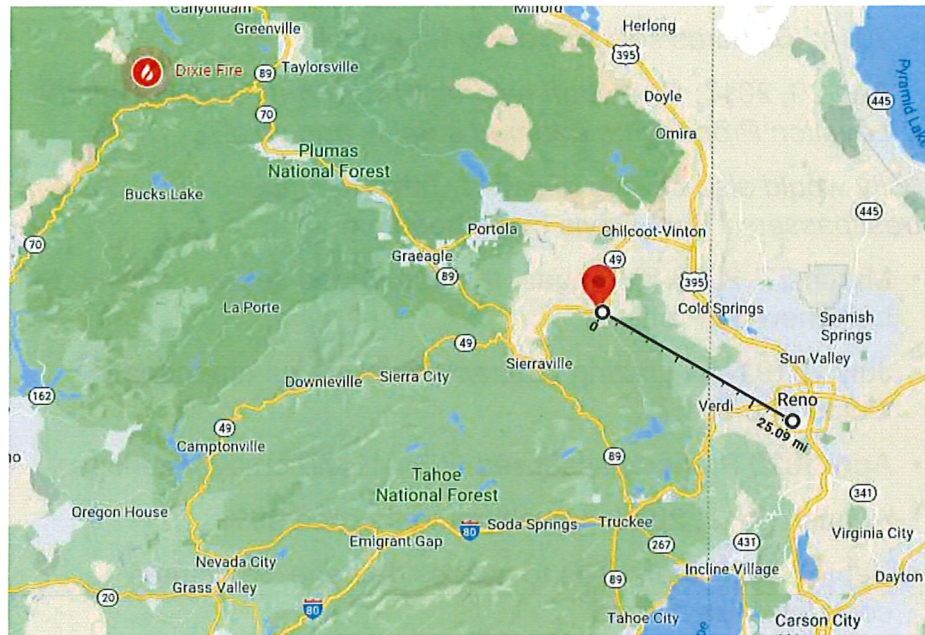
**June 7, 2022**

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Item# 7

11/21/2022

## Loyalton – 10,274 acres



1

## History

- May 10, 1977 Council Meeting approved \$2000 for 60 day option to permit analysis of geothermal.
- July 8, 1977 Geonomics, Inc report after drilling 2,200 foot well  
*"With present evidence, it appears that the temperatures are not sufficient for electrical power generation, but the data is not conclusive."*
- July 12, 1977, Chair of Parks and Rec Commission recommended purchase of site as *"a potential out-of-the-city Park for camping, hiking and water resources"*  
 Councilmembers Texera, Kiely and Mahan did not want land used for recreation. Council voted unanimously to purchase the land with utility funds appropriating \$1.703M. (Note : Gary Gillmor was realtor representing sellers)

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POST MEETING MATERIAL

## History

- 2014: 50 acres sold to County for landfill
- Aug 29, 2017: *"City Staff recommends to the Council that the Loyalton Property be deemed surplus and sold".*  
*"City would also be free of liability hazards caused by trespassers."* Debi Davis continued item
- March 27, 2018 SVP again recommended selling Loyalton to build new SVP offices
- July 2019 New grazing contract for \$43K but amended in October to \$21.7K
- April 2020 Property assessed at \$4.11 Million by Valbridge
- August 17-19, 2020 : Loyalton Fire burned 90%
- Sept 8, 2020 Staff visits to assess damage. Structures completely destroyed

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## April 2020 Appraisal – before fire

- Full Valbridge Property Advisors appraisal report is in Coucil Packet
- Appraised at \$4.11 Million or \$400.04/acre
- ***"Highest & Best Use - As Vacant : Grazing land"***
- *"the property was purchased in 1977 for \$1,613,850 (\$157/acre)."*
- *"The property was not physically inspected by the appraiser." "10,000 acres of rural acreage, much of which has limited accessibility"*

*"The property has historically been used for seasonal grazeland... snow limits grazing during winter and into the early spring"*

*"Although Loyalton is the biggest community within Sierra County it has been called **"the loneliest town in America"** because visitors are few and far between. Despite the scenic views and pleasant small-town atmosphere, **there is not much to attract tourism keeping the town much as it was 150 years ago:** small, quiet, and full of wildlife and natural beauty."*

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## A terrible investment

- Purchased for \$1.614 Million in 1977
- Valued before fire at \$4.11 Million
- 5 year grazing lease in 2019 for \$21,750/year
- Property Tax in 2019 was \$13,497
- Staff time is 5% of FTE = approx. \$7500 including benefits
- $\$13,497 + 7500 = \$20,997$
- SVP estimates \$24,000 aerial survey of fences + \$20,000 demolition of structures
- =====
- Taking \$1,613,815 into online inflation calculator → \$7.053 Million in 2021
- City's average return on investments is 1.49%, CalPERs return 6.5%
- **$0.0149 * \$4.11M = \$61,239$ ,  $0.065 * \$4.11M = \$267,150$**

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## Dixie Fire and Climate Change

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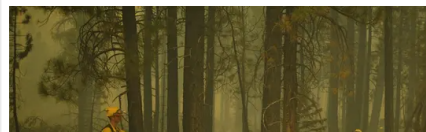
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**Climate crisis in the American west**

### Dixie fire threatens thousands of California homes amid wind and lightning

Firefighters faced 50mph gusts while working to contain the month-old fire, the largest among more than 100 blazes in the west



*Guardian staff and agencies*

Mon 16 Aug 2021 14:17 EDT



CalFire: 8/16/2021



569,707 Acres



Active

Active for 33 days



Contained



4 Counties

Butte, Plumas and Lassen

The Dixie Fire is now the second-largest fire in California history. It has charred an area larger than the city of Los Angeles and destroyed at least 1,173 structures.

<https://www.theguardian.com/us-news/2021/aug/16/dixie-fire-california-latest-wind-lightning>

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