

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY, CALIFORNIA  
AND RECORD OF ACTION**

July 9, 2013

**FROM: DAVID H. SLAUGHTER, Director  
Real Estate Services Department**

**GERRY NEWCOMBE, Director  
Department of Public Works – Solid Waste Management Division**

**SUBJECT: SALE OF COUNTY-OWNED SURPLUS PROPERTY BY PUBLIC AUCTION**

**RECOMMENDATION(S)**

Adopt **Resolution 2013-167** authorizing the sale of County-owned residential lots (APNs 0345-271-04 and 0328-352-11) located in the unincorporated communities of Lake Arrowhead and Running Springs, respectively, by public auction authorized by Section 25539 of the Government Code and in accordance with the terms and conditions described in the resolution (Four votes required).

(Presenter: David H. Slaughter, Director, 387-5252)

**BOARD OF SUPERVISORS COUNTY GOALS AND OBJECTIVES**

**Operate in a Fiscally-Responsible and Business-Like Manner.**

**FINANCIAL IMPACT**

The Department of Public Works – Solid Waste Management Division (SWMD) will receive revenue from the sale of these two properties in the Solid Waste Enterprise Trust Fund (Trust Fund) (EAA SWM) to offset costs incurred by the participating agencies funding the removal of fire debris caused by the 2007 Slide/Grass Valley wildfires. The sale of these properties will also relieve SWMD from any liability and maintenance obligations associated with ownership and the County will receive ongoing property tax revenues if the real estate is not sold to another public agency. The minimum bid for the property located in the Lake Arrowhead community is \$21,750, and the minimum bid for the property located in the Running Springs community is \$8,250.

**BACKGROUND INFORMATION**

Approval of this item will authorize the sale of two County-owned surplus residential lots located in Lake Arrowhead and Running Springs at public auction.

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cc: w/ resolution  
RES-Slaughter  
SWMD-Newcombe  
SWMD-Rivera  
CAO-Valdez  
CAO-Lowe  
File – RES w/ attach  
jr 7/29/13

**ITEM 36**

Record of Action of the Board of Supervisors

**APPROVED (CONSENT CALENDAR)  
COUNTY OF SAN BERNARDINO  
Board of Supervisors**

MOTION	<u>  AYE  </u>	<u>  AYE  </u>	<u>SECOND</u>	<u>  AYE  </u>	<u>  MOVE  </u>
	1	2	3	4	5

**LAURA H. WELCH, CLERK OF THE BOARD**

**BY \_\_\_\_\_**

**DATED: July 09, 2013**

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**JULY 9, 2013**  
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In October 2007, the Slide/Grass Valley wildfires raged through the local San Bernardino National Forest destroying more than 1,100 homes and structures. All the property owners in the fire burn areas were responsible for clearing their lots of all the debris created by these fires. The devastation was widespread and left many owners in a position where they were not able to manage the debris removal. To facilitate this complicated process, the Federal Emergency Management Agency (FEMA) and the State of California (State) Disaster Assistance Act granted funds for the Debris Removal Program (Program). SWMD, on behalf of the County, oversaw the actual debris removal work, and established and manages the Trust Fund to administer the terms of emergency grants.

Federal regulations, under which FEMA operates, require private insurance to be the first payer of fire debris removal costs. Pursuant to that requirement, FEMA disallowed \$2.1 million in costs that was deemed to be covered by private insurance. Recognizing that private insurers are typically the last to pay under such circumstances, the State provided funds to cover the \$2.1 million shortfall. Funds were made available to those property owners who needed assistance and, in exchange, the property owners agreed to repay the costs to SWMD upon receipt of their insurance proceeds.

FEMA requires a final reconciliation of the disaster event in order to close out the accounting of all claimed costs and received insurance proceeds relating to the fire disaster response, including the cost of fire debris removal. At the conclusion of the reconciliation, insurance proceeds for debris removal held in trust by the County are to be distributed to FEMA, the State and the County. Accordingly, the County has an obligation to make a good faith effort to collect available insurance proceeds, and when a property owner fails to relinquish the insurance proceeds, the County must take reasonable efforts to collect the costs from the property owners.

The owners of two residential lots, one containing approximately 12,000 square feet, located at 838 Brentwood Drive in Lake Arrowhead (APN 0345-271-04), and the other containing approximately 7,544 square feet, located at 31497 Valley Ridge Drive in Running Springs (APN 0328-352-11), requested SWMD remove the debris caused by the fire from their lots and agreed to repayment terms. SWMD removed the debris, but neither property owner made any payment to SWMD. In accordance with its obligation to collect insurance proceeds, the County made demand upon the owners of these two residential lots. When repeated efforts and follow-up communication attempts were ignored, the County pursued legal action to recover the costs incurred by the County for work completed on the properties. Subsequently, both owners offered to convey their properties to the County as a means of satisfying their liability for the costs of fire debris removal.

At the request of SWMD, the Real Estate Services Department (RESA) had the properties appraised to determine the amount that could potentially be recovered from the sale of the properties. The 12,000 square foot residential lot located at 838 Brentwood Drive in Lake Arrowhead was valued at \$29,000, and the 7,544 square foot residential lot located at 31497 Valley Ridge Drive in Running Springs was valued at \$11,000. Although the actual costs to remove the debris from each of these lots exceeded the market value of each lot, the County

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accepted the lots as settlement. On January 8, 2013 (Item No. 30), the Board approved Appraisals No. 12-19 and 12-20 prepared by Mountain High Appraisal Services dated June 21, 2012, adopted Resolution No. 2013-17 declaring the properties surplus, authorized their sale at public auction and approved minimum bids of \$29,000 and \$11,000.

RESD determined the appraised values as reasonable and conducted the public auction on April 18, 2013. There were multiple inquiries, but the auction did not result in any bids. RESD recommends holding a second auction at reduced minimum bids in order to generate new interest and competitively market the properties for sale. A second auction is proposed to be held on September 10, 2013 at the Lake Arrowhead Branch Library located at 27235 Highway 189 in Blue Jay with minimum bids of \$21,750 for the Lake Arrowhead property and \$8,250 for the Running Springs property.

All appropriate local and public agencies and non-profit entities, pursuant to Government Code Section 54220, were notified of the availability of the properties. Notices were sent on January 30, 2013, initiating the required 60-day notification period in which an agency interested in purchasing the properties must respond. RESD received no written requests to purchase the properties from any qualifying agencies meeting the minimum requirements within the 60-day period.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Robert Messinger, Deputy County Counsel, 387-5455) on May 28, 2013; DPW-SWMD (Arthur L. Rivera, Division Manager, 386-8703) on May 28, 2013; and the County Administrative Office (Beatriz Valdez, Public Works Chief Financial Officer, 387-1852; and Janet Lowe, Assistant Director, Real Estate Services Department, 387-5380) on June 26, 2013.

(SL: 387-5117)