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City Manager's Report
June 9, 2026, City Council Meeting
Prepared by: Joseph Wren, Interim City Manager
Item #: 12.5

Subject: Purchase and Sale Agreement for Acquisition of 681 Main Street, Placerville, California.

Recommendation: Staff recommends that the City Council:

1. Approve the Purchase and Sale Agreement for the acquisition of the property located at 681 Main Street, Placerville, California, for a purchase price of \$1,500,000;
2. Authorize the City Manager and Chief of Police to execute all documents necessary to complete the transaction;
3. Authorize the use of \$1,000,000 in State grant funds and \$500,000 from General Fund reserves for the acquisition; and
4. Direct staff to continue planning for the phased consolidation of City services into the facility.

Purpose: The purpose of this item is to obtain City Council authorization to acquire the commercial property located at 681 Main Street in order to address long-standing deficiencies in the City's public safety and municipal facilities. Acquisition of this property would allow the City to consolidate Police, Fire, Public Works Administration, Parks and Recreation, and general government operations into a single, modern, and centrally located municipal campus. This consolidation supports the City's Strategic Plan goals to maintain and improve critical infrastructure, enhance public safety operations, and ensure long-term fiscal sustainability. In addition, this would allow the City to dispense of facilities that are no longer in use.

Strategic Plan Strategy: Infrastructure - Maintain and Improve our Infrastructure and Facilities to provide a safe community.

- 1) Strategy – Public Safety Building
 - a. Identify current deficiencies and needs of the City's Public Safety Team (Police and Fire) existing facilities and impacted operations.
 - b. Scope a facility and location that will not only accommodate current needs, but will support future growth and expansion of the City and support services to the surrounding areas.

Background: In May 2020, the El Dorado County Grand Jury issued a report identifying the City's existing Police Department facility as inadequate to meet the operational needs of the department. The report highlighted concerns regarding space limitations, functionality, and the ability of the facility to support modern public safety operations.

In response to the Grand Jury findings, the Placerville Police Department and Placerville Fire Department conducted a joint Public Safety Facilities Feasibility Study to assess current and future facility needs and evaluate potential solutions. The completed study was presented to the City Council and Fire Board Joint Body on November 29, 2022.

The feasibility study confirmed that the City's existing public safety facilities were insufficient to support future operational demands and identified the need for significant investment in public safety infrastructure.

In early 2023, the City was awarded a State grant intended to assist with public safety facility improvements. Following receipt of the grant, staff evaluated several alternatives, including construction of a new public safety facility. However, escalating construction costs and limited funding made new construction financially unattainable. As a result, the project was placed on hold while staff continued to monitor potential opportunities.

At the City Council Budget Workshop on April 30, 2026, the City Council renewed discussion regarding long-term facility needs and directed the formation of an ad hoc committee consisting of Vice Mayor Neau, Council Member Clerici, Chief Wren, and additional staff members as needed to evaluate facility options and develop recommendations.

During Closed Session on April 28, 2026, the City Council authorized the Interim City Manager to negotiate the acquisition of property located at 681 Main Street. The City retained David Bolster, a commercial real estate professional, to assist in the evaluation and negotiation process. Through these efforts, an agreed-upon purchase price and terms were successfully negotiated. The purchase agreement has been reviewed by legal counsel, and due diligence activities, including inspections and assessments, are currently underway.

Discussion: As part of the committee's review process, staff evaluated several alternatives for addressing the City's facility needs. During this process, the commercial property located at 681 Main Street was identified as a potentially viable solution.

Staff conducted preliminary building inspections, operational assessments, and space-needs evaluations. Based on these reviews, staff determined that the facility is capable of meeting not only the current and future needs of the Police Department, but also the needs of all City departments and services.

The facility's size, location, condition, and layout present a unique opportunity to consolidate City operations into a single municipal campus. Such consolidation would improve operational efficiency, increase collaboration among departments, improve public access to services, and reduce long-term facility maintenance obligations.

The building's central location within the community also provides convenient public access while maintaining proximity to City operations and public safety services.

Existing Facility Costs And Deferred Maintenance: Over the last six (6) years, several Capital Improvement Projects have been required to maintain the City's existing facilities. These CIP projects include:

- City Hall HVAC: \$51,700

- Corporation Yard Building: \$149,515
- Townhall Carport: \$38,500
- Townhall Stucco: \$11,000
- Townhall Parking Repairs: \$60,000
- Historic City Hall Roof: \$98,984
- Historic City Hall Parking Re-pavement: \$100,000

In addition, Staff recently conducted a preliminary review of the City's existing facilities and identified substantial ongoing maintenance obligations and future capital improvement requirements.

Many City-owned facilities are aging and require significant investment to maintain operational functionality and regulatory compliance. Current assessments indicate the City could face between \$8 million and \$12 million in deferred maintenance and capital improvement needs over the next decade. These anticipated costs include:

- Roof replacement and repairs
- HVAC system replacement and upgrades
- Electrical infrastructure modernization
- Plumbing and sewer system improvements
- Americans with Disabilities Act (ADA) compliance improvements
- Fire and life-safety system upgrades
- Structural and seismic improvements
- Parking lot and site infrastructure rehabilitation
- Information technology and communications infrastructure improvements

In addition to future capital expenditures, the City currently incurs ongoing operational costs associated with maintaining multiple facilities throughout the community, including utilities, janitorial services, maintenance contracts, repairs, inspections, and security systems.

Consolidation of City operations into a single facility would significantly reduce duplication of expenses, improve operational efficiency, and allow the City to strategically evaluate the future use of existing City-owned properties.

Surplus Property Opportunities: The consolidation of City services into 681 Main Street would create opportunities for the City to evaluate existing facilities for future use, redevelopment, leasing, or sale.

Several City-owned properties require substantial maintenance and capital improvements that exceed currently available funding. By reducing the City's facility footprint, resources currently dedicated to maintaining multiple buildings can be redirected toward priority services and facility improvements.

Future evaluation of surplus properties may also generate revenue opportunities that could offset facility acquisition, renovation, or operational costs.

Most of the City's existing facilities anticipated for evaluation under the Surplus Land Act (SLA) would likely qualify as exempt surplus land due to their small size and limited development potential. Under Government Code §54221(f)(1)(F), parcels less than one-half acre (0.5 acres) that are not suitable for

housing development may be designated as exempt surplus land and are therefore not subject to the SLA's requirement to offer such properties to affordable housing developers or other eligible entities.

Many of the City's legacy municipal parcels fall below this ½-acre threshold or contain physical constraints, zoning limitations, or ongoing municipal uses that make them infeasible for residential development. Based on preliminary review, most City-owned sites expected to be evaluated as part of the consolidation effort would meet this exemption, providing the City with greater flexibility in determining future reuse, redevelopment, or disposition options.

Implementation Plan: Should the acquisition be approved, staff anticipates a phased transition of City services.

Phase I is anticipated to occur by January 2027 and would include relocation of:

- Police Department
- Parks and Recreation Department
- Public Works Administration

Phase II is anticipated to occur by mid-2027 and would include relocation of remaining City departments and services.

Completion of Phase II would result in the consolidation of City services into a single municipal facility.

Staff has also coordinated with Chief Gates and his leadership team regarding future use of the current Police Department facility located at 730 Main Street. Following their review, they determined that the facility would adequately meet their operational needs.

Environmental: The proposed acquisition of real property is not considered a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378 because the action involves organizational and administrative activities that will not result in a direct or indirect physical change to the environment.

Any future improvements, renovations, or changes in use will be evaluated separately for CEQA compliance as required.

Options:

The City Council may:

1. Approve the Purchase and Sale Agreement and authorize acquisition of 681 Main Street.
2. Direct staff to continue evaluating alternative facility options.
3. Decline to purchase the property and continue operating from existing facilities.

Cost & Budget Impact: The negotiated purchase price for 681 Main Street is \$1,500,000.

Funding is proposed as follows:

- State Facility Grant Funds: \$1,000,000
- General Fund Reserves: \$500,000
- Total Acquisition Cost: \$1,500,000

The State grant funding must be utilized by 2027. Acquisition of the property ensures the City fully leverages available grant funding while addressing long-standing facility deficiencies identified through multiple studies and evaluations.

Any future tenant improvements, relocation costs, or facility modifications will be presented to the City Council separately as part of future budget and capital improvement discussions.

Conclusion: For more than six (6) years, the City has studied and discussed solutions to address identified deficiencies in public safety and municipal facilities. The acquisition of 681 Main Street presents a rare opportunity to leverage available grant funding, address long-standing facility concerns, consolidate City services, reduce future maintenance liabilities, and establish a sustainable long-term solution for municipal operations.

Staff believes acquisition of the property represents the most cost-effective and operationally beneficial option currently available and recommends approval.



Joseph Wren, Interim City Manager

Attachments:

- A. Purchase and Sale Agreement – 681 Main Street
- B. Public Safety Facilities Feasibility Study (November 29, 2022)
- C. Preliminary Space Needs Assessment
- D. Property Inspection Reports (when completed)
- E. Grant Award Documentation