

Sonoma County's Surplus Property Disposal

Housekeeping takes time but pays long-term benefits

SUMMARY

What happens to County assets when they reach the end of their useful life or are no longer needed? Is office furniture, computer equipment, and other items given away or discarded? What about vehicles used by County employees? What happens to vacant land and unused or under-used buildings? Is Sonoma County effectively managing these assets?

The purpose of this investigation was to answer these questions and evaluate the effectiveness of the County's process for handling surplus assets. Specifically, the investigation sought to determine:

- What is the Sonoma County's process for declaring and disposing of surplus property?
- Is the process sufficient to ensure the orderly disposal of surplus property?

The Grand Jury found that the County has a well-organized process for disposing of rolling stock, machinery, and equipment, including office furniture and computer equipment, but the County does not systematically manage its land portfolio.

The County lacks a structured process for identifying and managing surplus land and buildings. But selling surplus land assets has two key benefits:

1. Returning government land to the private sector generates property tax revenue while government lands are exempt from taxation.
2. Putting unused land to productive use benefits the community, unlike vacant property that provides no value.

The Grand Jury found that the County should take steps to manage its land holdings and share information with the public about public lands available for other uses.

BACKGROUND

The investigation considers the following types of property:

Rolling Stock – Vehicles and wheeled equipment

Other Assets – Office furniture, machinery, and equipment

Land and Buildings – Real Estate

The County of Sonoma holds significant capital assets, with annual capital expenditures about \$100 million annually. As of the audit ending June 30, 2023, the County reported over \$1.5 billion in governmental capital assets. While many of these assets are infrastructure-related—such as roads and right-of-way assets—the County still maintains a substantial inventory of land, buildings, and machinery. All these assets are managed by different divisions within the Sonoma County Public Infrastructure Department.

COUNTY OF SONOMA
SPECIFIC CAPITAL ASSETS AS OF 6/30/2024
(ALL AMOUNT IN MILLIONS, NET OF DEPRECIATION)

	Governmental
Land	\$357
Buildings and Improvements	\$261
Machinery and Equipment	\$ 38
Total	\$656

Source: Financial Audit Ending June 30, 2024

Some of these assets may be worth much more than that shown on the County's financials because the assets are valued at historical cost. Land and buildings that have been held by the County for a long time usually are worth much more than that shown on the County's audit.

Legal Authorities Governing the Disposal of Property

Disposal of Surplus Personal Property (Vehicles, Equipment, Furnishings)

The disposal of surplus personal property by counties is governed by California Government Code §§ 25500–25510.

Key Provisions:

1. **Authority:** The county's board of supervisors may authorize the sale or disposal of personal property that is no longer needed for public use.
2. **Methods of Disposal:** Surplus personal property may be disposed of through:
 - a. Public auction.
 - b. Sealed bids.
 - c. Negotiated sales.
3. **Unclaimed Property:** For unclaimed personal property, counties may adopt regulations for its care, restitution, sale, or destruction, provided they:
 - a. Hold the property for at least three months.
 - b. Provide notice of sale at least five days before the sale.

In addition, Sonoma County has its own local ordinances in the Municipal Code that define the County's rules for identifying and disposing of surplus property. Chapter 2, Article 5, Division 1, Section 2-59 states: "Any item no longer required by any county department shall be declared surplus and transferred to the custody of the purchasing agent. If the purchasing agent finds that no other county department has need for such an item it shall be declared surplus. Any such item or group of related items may then be advertised and sold or otherwise disposed of by the purchasing agent, by whatever method and procedure will return the greatest value to the county. Obsolete items of no value may be destroyed or discarded." Article 15 details the procedures for selling surplus property *other than real property* (land and buildings).

Disposal of Surplus Land

Unlike other County assets, land has additional requirements that complicate its management. The principal law governing land sales is the Surplus Land Act (SLA).

The Surplus Land Act (SLA) (Gov. Code §§ 54220–54234) was enacted in 1968 to ensure that publicly owned land no longer needed for government purposes is offered first for public use and affordable housing, rather than private commercial development. Under the original law, local agencies must declare a parcel “surplus” (or “exempt surplus” in certain cases) before disposing of it, and notify housing, school and park districts that the land is available. The Act prioritized parks, schools and “housing development” when surplus land is sold or leased.

Over time, California’s acute housing shortage spurred stronger SLA requirements. In 2014, the law was amended (AB 2135) to define affordable housing proposals more clearly (for example, requiring at least 15% affordable units) and to streamline negotiations. A more sweeping overhaul came in 2019 with AB 1486 specifying that agencies must negotiate exclusively with the affordable-housing proposal offering the most units and deepest affordability and requiring local agencies to inventory all publicly owned land and report it to the state.

Assembly Bill 1486 significantly amended the SLA to enhance transparency and enforce compliance. Key provisions included:

- Requiring agencies to notify the Department of Housing and Community Development (HCD) before disposing of surplus land.
- Mandating a 60-day negotiation period with interested affordable housing developers.
- Defining exactly what counts as surplus (any agency-owned land not needed for government operations).
- Imposing penalties for non-compliance, including fines up to 30% of the land’s sale price.

These amendments also gave the Department of Housing and Community Development (HCD) greater oversight. HCD now reviews all surplus-land notices, collects data in housing element reports, and can (in conjunction with the Attorney General) impose penalties for noncompliance. In practice, HCD’s 2021–2024 guidelines explain that agencies must formally declare surplus land at a public meeting, send a Notice of Availability to HCD and other public entities, and negotiate for 60–90 days with any interested affordable-housing developer before selling or leasing the land.

Most recently, the Legislature passed SB 240 (2023) to update rules for state surplus land (disposals by the Department of General Services). SB 240 makes development of surplus state land for affordable housing a by-right, CEQA-exempt project, thereby removing environmental-review hurdles. It also adds transitional housing for formerly incarcerated individuals as an eligible prioritized use, on par with affordable housing and parks.

To recap, the key SLA provisions are as follows:

- Local agencies must formally declare land as surplus at a regular public meeting.
- Agencies must submit an annual surplus property report to HCD.
- HCD maintains a list of developers (“sponsors”) interested in purchasing or leasing surplus property for affordable housing.
- If an agency fails to sell or lease surplus property to a sponsor, it must attach an Affordable Housing Covenant requiring that 15% of units in any project of 10 or more units be affordable.
- Projects on surplus land must pay prevailing wage, the minimum hourly rate of wages and benefits that contractors must pay workers on public works projects, set by the California Department of Industrial Relations.

The SLA process is complex and requires knowledgeable staff with strong working relationships with HCD to navigate this law. Sometimes it can cause delays due to procedural requirements, but it is the law of the land.

METHODOLOGY

The Grand Jury conducted interviews with management staff within the Public Infrastructure Division who might deal with surplus property, as well as real estate professionals from Santa Rosa, Rohnert Park, Sonoma County CDC and non-profit affordable housing developers.

DOCUMENTS

The following types of documents were obtained:

- Internal documents showing processes for surplus property disposal
- Board of Supervisor reports
- Documents summarizing the Surplus Lands Act
- Customized reports regarding surplus property

Additionally, the Grand Jury reviewed a County Geographical Information System (GIS) that shows all County-owned/leased land parcels and structures. This system's information is not available to the public.

DISCUSSION

Each year, the County of Sonoma spends tens of millions of dollars on real estate, rolling stock (vehicles and equipment), and many smaller assets. Over time, much of this property is no longer needed by the County and should be disposed of. However, this property often retains residual value. Therefore, the orderly disposal of surplus property not only returns financial resources to the County but also provides useful assets to other parties.

Fleet Management and Funding

The County owns approximately 1,600 vehicles (light, medium, and heavy) with a combined replacement value of approximately \$68 million. The average lifespan of these vehicles is eight years, though heavy equipment may have a significantly longer useful life.

Vehicles are purchased, maintained, and disposed of by the Fleet Management Division.

Fleet Management oversees the Accumulated Capital Outlay (ACO) Fund, which funds vehicle replacement. Each County department "leases" vehicles from Fleet Management and pays a monthly fee into the ACO. When a vehicle needs to be replaced, the ACO fund generally covers the cost—unless the replacement cost exceeds the accumulated funds for that vehicle.

Surplus vehicles are auctioned through First Capitol Auction, a company specializing in government vehicle sales. Vehicles typically sell at or above Blue Book value. Proceeds from the auctions are returned to the ACO fund to support future vehicle purchases. The process appeared orderly, efficient and effective.

Surplus Property Statistics Rolling Stock (Wheeled Vehicles and Equipment) Disposal Proceeds			
2024 (to Sept. 2024)	2023	2022	2021
\$598,163	\$649,376	\$891,708	\$1,032,751

Other Assets (Machinery and Equipment Except for Rolling Stock)

These government assets represent the smallest dollar value of the assets reviewed by the Grand Jury.

County departments are required to declare property surplus and release it to the Purchasing Division. The Purchasing Division inventories the surplus property and determines whether another County department can reuse it. If no internal use is found, the property is listed for public auction through a different entity than used for vehicle sales, www.publicsurplus.com, a company used by many public agencies in California.

Surplus property is sold “as is.” Most items are in poor condition and do not command high prices. In 2023, at least 10 County departments released surplus property to the Purchasing Division for disposal. The Grand Jury noted that except for the Information Services Division, the other departments did not provide a great deal of surplus to Purchasing. The following chart, *Surplus Property Statistics*, shows the number of items sold by fiscal year and the amount of money recovered:

Surplus Property Statistics Equipment and Machinery Except for Rolling Stock								
Fiscal Year	Public Sale		County Reuse		Non-profit use		Total	
	\$	# of Lots	\$	# of Lots	\$	# of Lots	\$	# of Lots
21/22	\$50,200	247	\$28,100	20	\$8,300	5	\$86,000	272
22/23	\$26,300	593	\$97,500	16	\$57,900	29	\$181,700	638
23/24	\$54,600	545	\$54,100	24	\$39,700	9	\$148,400	578

LAND, BUILDINGS, AND IMPROVEMENTS.

At present, Sonoma County has no land designated as surplus. In recent years, the County has disposed of relatively few land assets. One notable sale, the Chanate property, the former site of the Norton Behavioral Health Center on Chanate Road, took seven years to complete. However, now all California local governments must follow the Surplus Land Act.

The County does not have a process for reviewing County-owned properties to determine whether they are fully used or should be considered for surplus designation. Some of the insights gained by the Grand Jury were:

- The Real Estate Division responds to requests from departments for real estate transactions but does not initiate actions on real property.
- County departments rarely initiate a process requesting that land assigned to the department be considered for other use, mainly due to the fact that departments are not in the land management business.
- The County maintains a GIS system showing all properties and structures, but the system does not reflect a property’s current use, *nor is it available to the public.*

- County staff do not regularly review properties using the GIS system, and the system does not provide enough information to make informed decisions about property use.
- The Grand Jury reviewed 20 of the largest properties with structures and needed County staff assistance to interpret the GIS data. They found no land that seemed ripe for alternative uses.
- The Real Estate Division does not have expertise in affordable housing or working with the State Housing and Community Development (HCD) Department. Sonoma Community Development Commission (CDC) and Permit Sonoma are the county entities most knowledgeable concerning affordable housing.

Comparison to Santa Rosa: The City of Santa Rosa has developed a process for reviewing its land assets and making them available for sale. The Real Estate Services Division provides centralized real estate services to City departments. Staff regularly review City-owned properties and determine whether they should be declared surplus. Santa Rosa staff have strong relationships with HCD and experience with the SLA process. Santa Rosa maintains a website, "City-Owned Surplus Land," connected to HCD, allowing the public to see available properties.

CONCLUSIONS

- The jury was impressed by the Fleet Division's comprehensive approach to vehicle management.
- The management of other assets (non-vehicle and non-real estate property) had low dollar value and the disposal process appeared adequate.
- No single department is tasked or has sufficient expertise to evaluate the best use of the County's real estate assets.
- The Surplus Land Act complicates the sale of government property and requires specific expertise to navigate the law.
- Information about the County's most valuable assets (land and buildings) is not readily available to the public.

COMMENDATION

The Grand Jury found that the County of Sonoma's Fleet Operation efficiently and cost effectively disposes of the County's rolling stock, earning the county substantial revenue each year.

FINDINGS

The Sonoma County Civil Grand Jury determined that:

- F1. All County departments, except for Information Services, uses the Purchasing Division's surplus disposal process sparingly, suggesting that many potential assets are not being disposed of timely when they are no longer needed.
- F2. The Real Estate Division is staffed as a service bureau; it does not actively pursue management of the County's real estate assets. Rather, it acts on request by departments to buy, sell or lease land. If it does not have a request, it does not act.
- F3. No comprehensive list exists that classifies the County's properties; the County does not know if it is managing its land assets to their best use.
- F4. No single division is responsible for the disposal of the County's land assets. Appropriate disposal requires expertise in real estate, affordable housing and economic development. Furthermore, no

County entity is systemically evaluating land for its potential use for affordable housing or economic development.

- F5. No online access is provided for public viewing of county properties. As a result, underutilized lands are not easily identified and pursued by the public.

RECOMMENDATIONS

- R1. By December 31, 2025, the Board of Supervisors will direct their Sonoma Public Infrastructure Agency to develop a list of all the County's properties in three parts: properties which have a use or restriction precluding it from other uses; properties currently full utilized; and properties potentially available for reuse now or in the near future.
- R2. By June 1, 2026, the Board of Supervisors will direct County Executive to form a multi-disciplinary team with expertise in real estate, affordable housing, and economic development to review underused land assets for potential reuse or sale.
- R3. By December 1, 2026, after the County develops a plan to evaluate properties, the Board of Supervisors will designate some periodic land review, such as every three to five years because land use changes and properties once needed may no longer be needed in the future.
- R4. By December 1, 2026, the Board of Supervisors will direct County GIS to make the Sonoma County Surplus Property map publicly available.

REQUIRED RESPONSES

Pursuant to Penal Code §§ 933 and 933.05, the Civil Grand Jury requires responses as follows:

- Sonoma County Board of Supervisors (Findings F1-F4, R1, R2, R3, R4)

The governing bodies indicated above should be aware that their comments and responses must be conducted subject to the notice, agenda, and open meeting requirements of the Brown Act.

BIBLIOGRAPHY

- Reference for Vehicle Disposals: First Capitol Auction, www.bayareaautoauctions.com/listings/First-Capitol-Auction-Inc
- Reference for Other Property Disposals: Public Surplus, www.publicsurplus.com
- [Updated Surplus Land Act Guidelines](#), California Department of Housing (HCD), August 2024.
- "Chanate Campus Sale", Board of Supervisors' Meeting, November 16, 2021, Item #67A.
- "[Surplus Land Act Needs a Reality Check for Rural Parcels](#)", [Daily Journal](#), April 25, 2025

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury.