



**STAFF REPORT**  
**7/22/2020**

**TO:** Honorable Mayor and City Council Members

**FROM:** Luis Lopez, Development Services Director

**SUBJECT:** Resolution No. 2020-39 to Authorize the Purchase of Vacant Real Property From R.B. Johnson Investments, LLC For a Sales Price of \$694,026 consisting of Two Parcels Totaling 2.21 Acres Located at the southeast Corner of 4th Street and Cesar Chavez Street for the Sunline Transit Hub and Pedestrian Path Project (APN: 778-080-012 and 778-080-013).

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**STAFF RECOMMENDATION:**

EnterTextHere recommends that the City Council adopt the attached Resolution No. 2020-39 authorizing the City Manager to purchase 2.21 acres of vacant land located at the southeast corner of 4<sup>th</sup> Street and Cesar Chavez Street for \$770,000 and appropriating the use of City reserves to advance the purchase price and related closing costs.

**BACKGROUND:**

This item was continued from the June 10, 2020 meeting at which time City Council directed staff to renegotiate the sales price for the two vacant lots in question.

Since that time, staff has had discussions with the owner and the following terms were agreed to in writing:

- 1) The owner is willing to sell both parcels of land for the Original Option price of \$750,000. As such, Parcel 4 would be acquired at no additional cost.
- 2) A reduced utility in land value of \$55,974 should be subtracted from the Original Option price to account for the County DPSS Building's drainage easement to allow the retention basin on the Sunline Transit Hub lot to accept offsite stormwater.

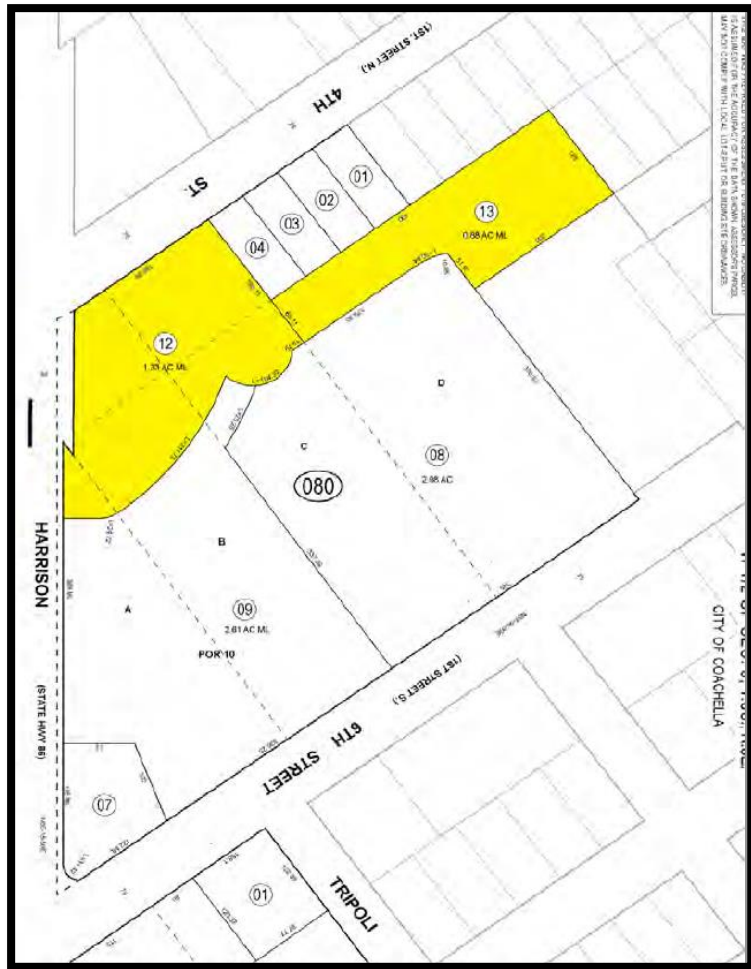
**DISCUSSION/ANALYSIS:**

City staff procured an Appraisal Report by TJC Property Services, dated June 10, 2020, which identifies the fair market value of the subject two vacant parcels as being \$8.00 per square foot, which equals \$770,000 for the combined value of the two vacant parcels. The Appraisal Report

is on file with City records on this project. The two vacant lots are generally located at the southeast corner of 4<sup>th</sup> Street and Cesar Chavez Street as shown below.

Assessor Parcel Number 778-080-012 is the site proposed for the Sunline Transit Hub nearest the intersection of 4<sup>th</sup> and Cesar Chavez Streets as shown on the exhibit to the right.

Assessor Parcel number 778-080-013 is the “pan handle” shaped parcel which is intended for a landscaped pedestrian path is located behind the existing residential properties that front on the south side of 4<sup>th</sup> Street. This parcel is located on the north side of the County DPSS Building parking lot and will be used as a public pedestrian path, and as a drainage/retention basin area to serve the County DPSS Building’s stormwater retention needs. City staff is finalizing a maintenance agreement that will be recorded as part of the escrow documents, and the seller is reserving a drainage easement on this parcel for that purpose.



The appraised value of the overall land is \$8.00 per square foot. This equals a sales price of just over \$770,000 and the sales price was rounded down to this amount. The accepted offer of \$694,026 is below market value (\$7.20 / square foot) and staff is recommending approval of the attached escrow instructions.

Attached to this staff report is Resolution No. 2020-39 authorizing the purchase of these two parcels, for the amended sales price of \$694,026 and subject to satisfying the escrow instructions based on the Options Contracts and any exceptions taken by the City, which are all consistent with the Option Contract and Amended Option Contract (attached herein). Staff will work with the escrow agent to finalize all necessary paperwork in the coming days (see attached preliminary escrow /title report).

**ALTERNATIVES:**

1. Adopt the attached resolution authorizing the purchase of two vacant parcels of land for \$694,026.
2. Take no action.
3. Continue this matter and provide staff with direction.

**FISCAL IMPACT:**

This land purchase and the related development of the transit hub and pedestrian path amenities are fully reimbursable through the Affordable Housing – Sustainable Communities Grant that was awarded to the City. As such, the City will only advance the transaction funds and receive a reimbursement from the State of California agency that administers the grant proceeds to cover expenses.

**RECOMMENDED ALTERNATIVE(S):**

Staff recommends Alternative #1 as noted above.

Attachments:     Resolution No. 2020-39  
                      Original Option Contract  
                      Amended Option Contract  
                      Amended Escrow Instructions/ Preliminary Escrow / Title Report