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File No. 80237.00868

July 30, 2020

VIA FIRST CLASS MAIL & EMAIL

Michael Leifer
Palmieri, Hennessey & Leifer, LLP
2 Park Plaza, Ste. 550
Irvine, California 92614-2518
mleifer@palmierilawgroup.com

Re: Offer to Purchase Real Property
APN: 763-020-021; Ave. 50, west of Highway 86
SR-86 / Ave. 50 New Interchange Project

Dear Mr. Leifer:

This firm represents the City of Coachella (“City”) in connection with the State Route 86/Avenue 50 New Interchange Project (“Project”). The City is proceeding with its plans to construct the Project, which will include construction of a new interchange at State Route 86 (“SR-86”) and Avenue 50, approximately 1.1 miles north of the existing SR-86/Avenue 52 intersection, and 1.95 miles south of the existing SR-86/Dillon Road interchange. The Project will also convert a portion of SR-86 from an at-grade signalized intersection into a grade-separated full interchange with a new overcrossing bridge and access ramps and construct a new bridge over the Whitewater River/Coachella Valley Stormwater Channel, including realignment and widening of a portion of Avenue 50 and realignment of portions of Tyler Street. The City is considering acquisition of affected private property in the area to accommodate the construction of the planned public improvements.

The above referenced property owned by your client, AHD Limited Partnership, is affected by the Project. Therefore, the City hereby makes a formal offer to purchase the property identified as Assessor Parcel No. 763-020-021, for the sum as follows:

One Million Eight Hundred and Forty-Five Thousand and No/100 Dollars
(\$1,845,000)

This offer is the full amount the City believes to be “just compensation” for the property and is not less than the approved appraisal of its fair market value. This offer is subject to the specific approval of the City Council of the City of Coachella. The amount of this offer does not include compensation for loss of goodwill or any relocation benefits your client may be entitled



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to receive. It is the City's hope that this price is agreeable to your client and that the acquisition can begin immediately.

This offer includes an Appraisal Summary Statement which includes a summary of the basis for the amount of just compensation and some important information about how the value was determined, and is being made pursuant to Government Code section 7267.2.

This offer is subject to and conditioned upon acceptable soils conditions and the absence from the property of toxic or hazardous substances and any other kind of soil or water contamination, and to the grant of a right-of-entry to the City for the purpose of conducting a soils, toxic and hazardous substances investigation of the subject property at the City's expense. This offer is further subject to modification depending on the results of said investigation to the extent that the results of such investigation could have an impact on the value of the subject property.

If you have any questions about this offer letter and its attachments, please reach out to the undersigned at (619) 525-1376 or to Bruce W. Beach at (619) 525-1325.

Please acknowledge receipt of the City's offer by signing a copy of this letter and returning it to Best Best & Krieger at the address indicated above. Your signature on the copy does not signify acceptance of the City's offer to settle the acquisition, it only acknowledges receipt of the City's offer. Thank you in advance for your anticipated cooperation.

Sincerely,

Emily S. Chaidez
for BEST BEST & KRIEGER LLP

OFFER RECEIVED

By: _____

Date: _____

Receipt of offer does not
constitute acceptance

ESC:wjr
Enclosures
cc: Carlos L. Campos, Esq; Bruce W. Beach, Esq.

**SUMMARY OF THE BASIS FOR THE AMOUNT
ESTABLISHED AS JUST COMPENSATION**
(Government Code §7267.2)
APPRAISAL SUMMARY STATEMENT
(Code of Civil Procedure §1255.010)

The following is a summary of the basis for the amount established as just compensation which was derived from an appraisal performed by an independent, licensed, and MAI-designated appraiser. The appraisal was made in accordance with accepted appraisal principles consistent with California valuation law.

Property Description	SR-86 at Avenue 50
Assessor's Parcel Number	763-020-021
Ownership Name and Address	AHD Limited Partnership 422 Wier Road San Bernardino, California
Property Identification	Avenue 50, west of Highway 86 Coachella, California
Legal Description	14.10 Acres M/L in por NW 1/4 of Sec 4 T6S R8E
Land Area	14.10 acres
Improvements	None
Zoning/General Plan	Zoning – A-R – Agricultural Reserve Land Use – Suburban Retail
Concluded Highest and Best Use	Pursue entitlements and development of commercial/retail use
Date of Value	July 1, 2020
Interest to be Acquired	Fee simple
Fair Market Value Conclusion	\$1,845,000

BASIS FOR AMOUNT OF JUST COMPENSATION

The just compensation for the property rights to be acquired is based on an appraisal performed by an independent, licensed, and MAI-designated appraiser in accordance with accepted appraisal principles and procedures. The amount of just compensation is the appraised fair market value of the real property and property rights proposed to be acquired.

DEFINITIONS

Fair Market Value

Fair Market Value is defined by California law as the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obligated to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

Highest and Best Use

Highest and Best Use is defined as the reasonably probable use of property that results in the highest value. In order to meet the reasonably probable criterion, a use must be physically possible, legally permissible, and financially feasible. Highest and best use analysis is used in the appraisal process to identify comparable properties and, where applicable, to determine whether the existing improvements should be retained, renovated, or demolished.

METHOD FOR CALCULATION OF VALUE

There are three conventional methods that can be used to estimate the value of real property, the sales comparison approach, the cost approach, and the income capitalization approach. Not all appraisals require use of all three approaches. The most commonly used method for this property type and property interest is the sales comparison approach, which was used in this analysis. The principal market data used in this appraisal is summarized in a table that follows this discussion.

The subject property is a trapezoidal-shaped site containing a reported area of 14.1 acres. The site is located along the west side of Highway 86, at the southeast corner of where Tyler Street/Avenue 50 turns north to cross Highway 86. The property is bordered on the north by an unimproved access road, on the west by the All American Canal drainage channel (Whitewater Channel), and on the south by a privately-owned property that is accessed across the subject property. This is shown on the following exhibit (the subject is identified by the yellow boundary, which is approximate).



The property owner has filed for approvals to develop the site for commercial use. Known as the Coachella Travel Centre, the application indicates that the development would include a convenience store with a service station, a drive-thru restaurant, a sit-down restaurant, a car wash tunnel, a truck washing facility, and a four-story hotel. The project is proposed to be developed in phases.

The project would require, among other items, a zone change from A-R (Agricultural Reserve) to C-G (General Commercial), conditional use permits to allow the drive-thru restaurant and the automotive and truck washing facilities, and a variance to allow a hotel in excess of 50 feet in height. Prior to approval of the project by the city council, the planning staff recommended additional studies related to traffic/circulation and to flooding issues involving the Whitewater Channel.

Based on the configuration of the site and lack of infrastructure in the immediate area, development of the subject would require onsite and offsite improvements, including roadway improvements for Avenue 50. Based on analysis performed by a civil engineer, development of the site would most likely require onsite and offsite sewer infrastructure as well as onsite improvements to access the southern portion of the site.

The following table summarizes the market data utilized in the analysis, reflecting the subject's current condition and the likely need for offsite and onsite improvements. Based on this market

data and an analysis by sales comparison, the fair market value of the subject's fee simple interest was concluded to be \$3.00 per square foot, which equates to \$1,842,588, or \$1,845,000 rounded.

Market Data Summary

No.	Address APN	Sale Date Doc. No.	Seller Buyer	Land Area (Ac) Shape	Price Terms
1	Monroe Street Indio 610-330-027	Jul-19 2019-288538	Lowe's Home Centers LLC I Ten Monroe, LLC	13.52 Slightly Irregular	\$1,800,000 Cash to seller
2	83801 Avenue 50 Coachella 767-140-002	Jul-19 2019-279979	Flashlight LLC Chandi Enterprises, LLC	18.64 Rectangular	\$2,520,000 Cash to seller
3	201 South 8th Street Banning 540-180-030	Jul-19 2019-238707	Galufredata, LLC Jinder Singh, et al.	7.10 Rectangular	\$1,500,000 Cash to seller
4	86918 Avenue 52 Coachella 763-131-019, 020, 021	Jun-19 2019-224401	Kirkjan Investment Properties, L.P. Coachella Valley ID, LLC	10.86 Rectangular	\$1,112,000 Cash to seller
5	Varner Road Indio 748-280-014, 015, 018, 748-420-075, 077	Oct-18 2018-393058	Champion Land LLC Paul J. Thiel, et al.	5.53 Rectangular	\$1,000,000 Cash to seller
6	Dillon Road Coachella 696-550-010	Jul-18 2018-276570	Coachella Hospitality, LLC Love's Country Stores of California	3.13 Irregular	\$820,500 Cash to seller

Important Information Regarding the City's Offer

1. You are entitled to receive full payment prior to the City taking possession of the area being purchased unless you waive such entitlement. You are not required to pay recording fees, transfer taxes, or the pro-rata portion of real property taxes which are allocable to any period subsequent to the passage of title or possession, as they affect the subject area only.
2. The City will offer to purchase any remnant(s) considered by the City to be an uneconomic unit(s) which is/are owned by you or, if applicable, occupied by you as a tenant and which is/are contiguous to the land being conveyed.
3. All buildings, structures, and other improvements affixed to the land described in the referenced document(s) covering this transaction and owned by the seller(s) herein or, if applicable, owned by you as a tenant, are being conveyed unless other disposition of these improvements has been made.
4. The amount of just compensation being offered to you was based on a market value appraisal prepared in accordance with accepted appraisal procedures. The valuation of your property has been based upon an analysis of the most recent market data for similar uses of the properties in the immediate area. The appraiser has given full and careful consideration to the highest and best use for development of the property and to all features inherent in your property affecting its market value. The amount of this offer:
 - a. Represents the full amount of the appraisal of just compensation for the property to be purchased;
 - b. Is not less than the approved appraisal of the fair market value (defined below) of the property as improved;
 - c. Disregards any decrease or increase in the fair market value of the real property to be acquired prior to the date of valuation caused by the public improvement for which the property is to be acquired or by the likelihood that the property would be acquired for such public improvement, other than that due to physical deterioration within the reasonable control of the owner or occupant;
 - d. Does not reflect any consideration of or allowance for any relocation assistance and payments or other benefits which you may be entitled to receive under applicable State or Federal Law or any agreement with the City;
 - e. If this is a partial acquisition, it considers any diminution in value to the remainder parcel caused by the partial taking.
5. The owner of a business conducted on a property to be acquired, or conducted on the remaining property which will be affected by the purchase of the required property, may be entitled to compensation for the loss of goodwill. Entitlement is contingent upon the

business owner's ability to prove such loss in accordance with the provisions of Sections 1263.510 and 1263.520 of the Code of Civil Procedure.

6. Pursuant to Section 1263.025 of the Code of Civil Procedure, should you elect to obtain an independent appraisal, the City will pay for the actual reasonable costs up to \$5,000 subject to the following conditions:
 - a. You, not the City, must order the appraisal. Should you enter into a contract with the selected appraiser, the City will not be a party to the contract.
 - b. The selected appraiser must be licensed with the Office of Real Estate Appraisers (OREA).
 - c. Appraisal cost reimbursement requests must be made in writing, and submitted to the City within 90 days of the earliest of the following dates: (1) the date the selected appraiser requests payment from you for the appraisal; or (2) the date upon which you, or someone on your behalf, remits full payment to the selected appraiser for the appraisal. Copies of the contract (if a contract is made), appraisal report, and invoice for completed work by the appraiser must be provided to the City concurrent with submission of the appraisal cost reimbursement request. The cost must be reasonable and justifiable.
7. If you ultimately elect to reject the City's offer for your property, you are entitled to have the amount of compensation determined by a court of law in accordance with the laws of the State of California.
8. FAIR MARKET VALUE, as used in this document, and in the appraisal, is "...the highest price on the date of valuation that would be agreed by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available." (Code Civ. Proc., § 1263.320).
9. Because the City's public use for your property is scheduled to begin as soon as the City acquires the necessary property interests for the proposed project, the City does not offer a leaseback agreement for the portion of your property being acquired pursuant to Section 1263.615 of the Code of Civil Procedure.