

Honorable Mayor and
Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: City Manager – Acquisition of Real Property

RECOMMENDATION

Recommendation of the City Manager that the City Council authorize the Mayor to Execute and the City Clerk to Attest to all documents associated with the purchase of real property for the development of a water well, treatment facility and storage facility for property located in the City of Torrance bounded by the 405 freeway to the southwest, Southern California Edison right-of-way to the north and Yukon Elementary to the east. APN 4087-037-003; property owner, Robert C. Craig.

It is further recommended that the City Council appropriate \$1,500,000 from the Water Fund; \$1,475,000 for the purchase of the property and up to \$25,000 for costs associated with the transaction.

FUNDING

Funding of \$850,000 is available from the Water Enterprise Fund Balance and \$650,000 is available from unspent funds from I-73 Water Main Replacement North Torrance/Crenshaw Boulevard/Western Avenue for a total of \$1,500,000.

BACKGROUND

The City Water Division of the Public Works Department currently owns and operates a well and tank site located adjacent to McMaster Park. The site has been proposed as an expansion area for McMaster Park in the Park Master Plan. The timing for an acquisition is beneficial as the tank being operated at the site requires significant repair or rebuilding.

ANALYSIS

The initial review of prospective North Torrance well site locations turned up the subject property. The site is currently an undeveloped privately owned parcel located behind Yukon Elementary School (see Attachment A). The property became landlocked when the 405 Freeway was constructed and has an area of about 1½ acres. The site is not encumbered by any Leases at this time. The parcel is large enough to accommodate a well, a storage tank and water treatment facilities if needed. To utilize the property, access will be obtained from either Southern California Edison or Torrance Unified School District. There are no immediate residences adjacent to the site making development of a well and treatment facilities more feasible.

The 1½ acres of property is large enough to allow for several different scenarios. A well could be constructed on the site, and there is enough space for a 2 to 3 million gallon tank and treatment facilities. Treatment facilities on this site could also handle water from the existing well or a new well in McMaster Park and another well developed reasonably close.

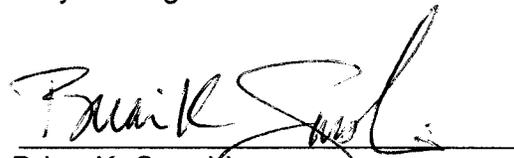
Development of a groundwater production facility behind Yukon Elementary School would eliminate the need for maintaining the existing one million gallon tank at McMaster Park. This could free up additional park land.

An appraisal was conducted on this site in July of 2007. The valuation for the site was established at \$1,475,000. The basis for the value conclusion set the land value of \$2,950,000 discounted by fifty percent due to the lack of access and frontage therefore leaving a reconciled value of \$1,475,000.

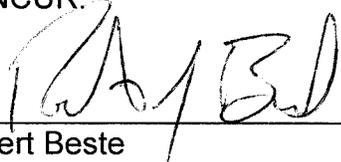
The owner has signed an offer letter from the City agreeing to the sale price (Attachment B). Staff is preparing to open escrow to complete the transaction.

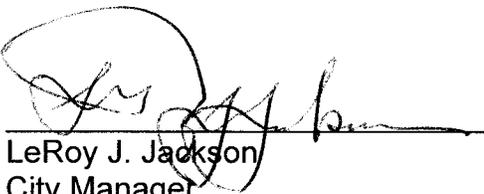
Respectfully submitted,

LeROY J. JACKSON
City Manager


By: Brian K. Sunshine
Assistant to the City Manager

CONCUR:


Robert Beste
Public Works Director

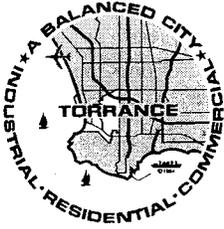

LeRoy J. Jackson
City Manager

- Attachment: A) Site Map
B) Offer Letter
C) Excerpt from appraisal: Summary of Salient Facts

SUBJECT PHOTOGRAPHS



AERIAL VIEW



CITY OF
TORRANCE

OFFICE OF THE
CITY MANAGER

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CITY MANAGER'S OFFICE

LeRoy J. Jackson
City Manager

Brian Sunshine
Assistant to the City Manager
(310) 618-5880
bsunshine@torrnet.com

May 21, 2008

Robert C. Craig
P.O. Box 90039
Long Beach, CA 90809-0039

RE: APN 4087-037-003

Dear Mr. Craig:

The City of Torrance ("City") has conducted an appraisal for your real property located in the City of Torrance known by APN 4087-037-003. The appraisal dated July 30, 2007, was conducted by CB Richard Ellis Valuation and Advisory Services.

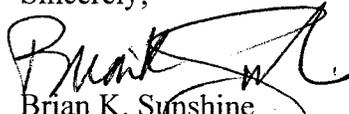
The property size is 1.456 acres and is zoned Light Agricultural (A-1). Based on the analysis conducted and the valuation assigned to your property, the City is now prepared to make an **offer** for the purchase of your property, "as-is", in the total amount of one-million four-hundred seventy-five thousand dollars (\$1,475,000.00).

Please be advised, however, that should you decide not to accept this offer, the City is prepared to exercise its eminent domain powers upon this property, if necessary.

Accordingly, if you decide to accept the above offer, please countersign this letter and return it to me within **10 days**.

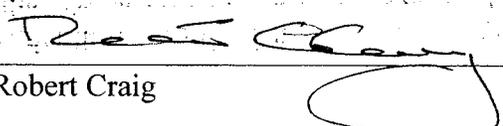
If you have any questions, feel free to call me at 310-618-5887.

Sincerely,


Brian K. Sunshine
Assistant to the City Manager

By countersigning this letter, I acknowledge and accept the City's offer to buy the property referenced in this letter.

Dated: 5-26-2008


Robert Craig

OPEN SPACE LAND ADJACENT TO THE SAN DIEGO FREEWAY

SUMMARY OF SALIENT FACTS

SUMMARY OF SALIENT FACTS

Property Name	Open Space Land Adjacent to the San Diego Freeway	
Location	N/O San Diego Freeway, west of Yukon Avenue, Torrance, Los Angeles, California 90504	
Assessor's Parcel Number	4087-037-003	
Highest and Best Use	Open Space	
As Vacant		
Property Rights Appraised	Fee Simple Estate	
Land Area	1.46 AC	63,415 SF
Estimated Exposure Time	9 Months	

VALUATION	Total	Per SF
Land Value	\$1,475,000	\$23.26

CONCLUDED MARKET VALUE

Appraisal Premise	Interest Appraised	Date of Value	Value
As Is	Fee Simple Estate	July 25, 2007	\$1,475,000

Compiled by CBRE

EXTRAORDINARY ASSUMPTIONS

1. The Los Angeles County Assessor's office estimates the gross site area to be 1.46 acres, or 63,415 square feet. We reserve the right to amend the valuation if subsequent land and building area surveys indicate a different land area than that which is utilized in this report.
2. No title report was available for review. We assume in the valuation of this site that there are no ingress/egress agreements between the subject ownership and the adjacent ownerships. We reserve the right to amend the valuation if subsequent documentation indicates the existence of access agreements for ingress and egress to and from the subject property and adjoining properties.

HYPOTHETICAL CONDITIONS

None noted.