

Council Meeting of
July 15, 2008

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

Members of the Council:

SUBJECT: City Manager – Accept donation of property from Chevron U.S.A., Inc. (APN 7359-002-031)

RECOMMENDATION

Recommendation of the City Manager that the City Council authorize the Mayor to Execute and the City Clerk Attest to:

- A Grant Deed with Use Restrictions from Chevron U.S.A., Inc. to the City of Torrance for property located at the corner of Madrona and Sepulveda for inclusion into the Madrona Marsh preserve (APN 7359-002-031); and
- An Indemnity Agreement by and between Chevron U.S.A., Inc., and the City of Torrance for the property located at the corner of Madrona and Sepulveda Boulevard.

Funding

Funding is not required for this transaction.

BACKGROUND AND ANALYSIS

The subject property is a vacant parcel located adjacent to the Madrona Marsh preserve (Marsh). The site is owned by Chevron U.S.A., Inc. (Chevron) and was utilized until the early 1970's as a gas station. The tanks were removed and the property has been vacant since that time.

The property is 24,742 square feet and was valued at \$720,000 in June of 2007.

Elected officials and City staff have been working with Chevron over the past several years to develop a scenario that would allow for Chevron to donate the property to the City of Torrance for inclusion in the Marsh as passive open space. City staff and Chevron have come to agreement and present the documents to Your Honorable Body this evening:

GRANT DEED WITH USE RESTRICTIONS

The Grant Deed included for approval and execution includes use restrictions that are recommended by staff. The property is to be used as passive open space and to be preserved for its natural and scenic qualities. The area is to be used for public use and enjoyment.

INDEMNITY AGREEMENT

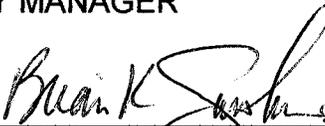
The Indemnity Agreement protects the City from any contamination that might be found from the previous gas station use. It is anticipated that there are no more onsite issues, however, the indemnification was requested and granted to protect the City. The Agreement in its original form did not allow any onsite improvements; staff has negotiated a modification to the Agreement to include the types of uses and improvements envisioned with this type of passive open space (see companion item).

The subject property had soils testing conducted by Chevron. The borings show no contamination in the areas tested. A closure letter for the property has not been issued by the Torrance Fire Department at this time; however, the Fire Department has determined that due to the intended use further testing to secure a closure letter is not required.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By



Brian K. Sunshine
Brian K. Sunshine
Assistant to the City Manager

CONCUR:



Richard V. Bongard
Richard V. Bongard
Fire Chief



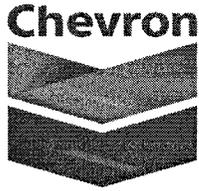
LeRoy J. Jackson
LeRoy J. Jackson
City Manager

Attachments:

- A. Grant Deed with Use Restrictions
- B. Indemnity Agreement
- C. Appraisal

MATERIAL AVAILABLE MONDAY

MATERIAL AVAILABLE MONDAY

**Deloitte.*****Land Only***

**CHEVRON #96015
Torrance, Los Angeles County, California
As Of: June 28, 2007**

**Prepared By:
Deloitte Financial Advisory Services LLP
333 Clay Street, Suite 2300
Houston, Texas 77002**

**Date of Transmittal : July 16, 2007
Disposition 4003
Version 2.1**

The spreadsheets contained in this *Microsoft Excel* document reflect a summary of the appraisal work performed for the above location, as part of a master scope of services agreement between Deloitte Financial Advisory Services LLP and Chevron.

For a description of the scope, methodology and definitions used in this analysis, refer to the document titled Master Disposition Report (Operating Disposition.doc) located on the Chevron/Deloitte Financial Advisory Services LLP website.

Any deviation from the master scope or methodology is identified as a Special Assumption (located on the "Descriptions" tab in this *Microsoft Excel* document).

SUMMARY OF SALIENT DATA AND CONCLUSIONS

CHEVRON #96015

General Data	
Subject Property:	Chevron #96015, located at 3323 Sepulveda Boulevard, Torrance, Los Angeles County, California
Purpose of Appraisal:	To estimate the market value of the fee simple estate of the subject site as vacant.
Owner of Record:	Chevron
Date of Value Estimate:	June 28, 2007
Date of Inspection:	June 28, 2007
Tax ID Number:	7359-002-031
Physical Data	
Property Type:	Vacant Land
Land Area (Source:RealQuest)	
Useable Land Area:	24,742 square feet. or 0.568 acre
Surplus/Excess Land Area:	0 square feet. or 0 acre
Total:	24,742 square feet. or 0.568 acre
Highest and Best Use (Land As Vacant):	Develop with a commercial/retail use
Floodplain:	No. 0601650003B
Zoning:	PD (PU). Planned Development. Public Use
Value Indications (Real Property)	
Fee Simple	
Land Value Estimate:	\$718,000
Final Value Estimate (R):	\$720,000
Exposure Period:	12 Months or Less
Purchase Offers:	None noted
<i>Values are Subject to all Assumptions and Limiting Conditions, including any Special Assumptions on Page 6</i>	

CHEVRON #96015



Subject looking northeast



Subject looking southeast

CHEVRON #96015



View looking east along Sepulveda Boulevard



View looking west along Sepulveda Boulevard

AREA MAP
CHEVRON #96015



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Channel Islands
Santa Catalina Island

CHEVRON #96015**SITE AND IMPROVEMENT DESCRIPTION**

The subject property is located at 3323 Sepulveda Boulevard, Torrance, Los Angeles County, California, and is referred to as Chevron #96015. More specifically, it is situated at the northeast corner of Sepulveda Boulevard and Madrona Avenue.

The subject site is basically rectangular in shape, functional for commercial development, and contains 24,742 square feet, or 0.568 acre.

According to the City of Torrance Planning Division, the subject site is restricted to a public use which serves a purpose of community-wide significance similar to those of public agencies. The site abuts the Madrona Marsh District, a protected "vernal" marsh area. Consequently, the subject site cannot be developed with the typical commercial/retail development.

LOCAL MARKET CONDITIONS SUMMARY

The subject neighborhood is located southwest of Los Angeles in the City of Torrance.

The subject is located within a stable neighborhood that is primarily characterized by middle income residents and/or industrial development along secondary streets and commercial/retail at major intersections or along primary traffic carriers. Generally, the properties in the subject's immediate area exhibit average maintenance.

Area brokers indicated that real estate values have been increasing but are expected to stabilize due to increasing interest rates.

HIGHEST AND BEST USE ANALYSIS

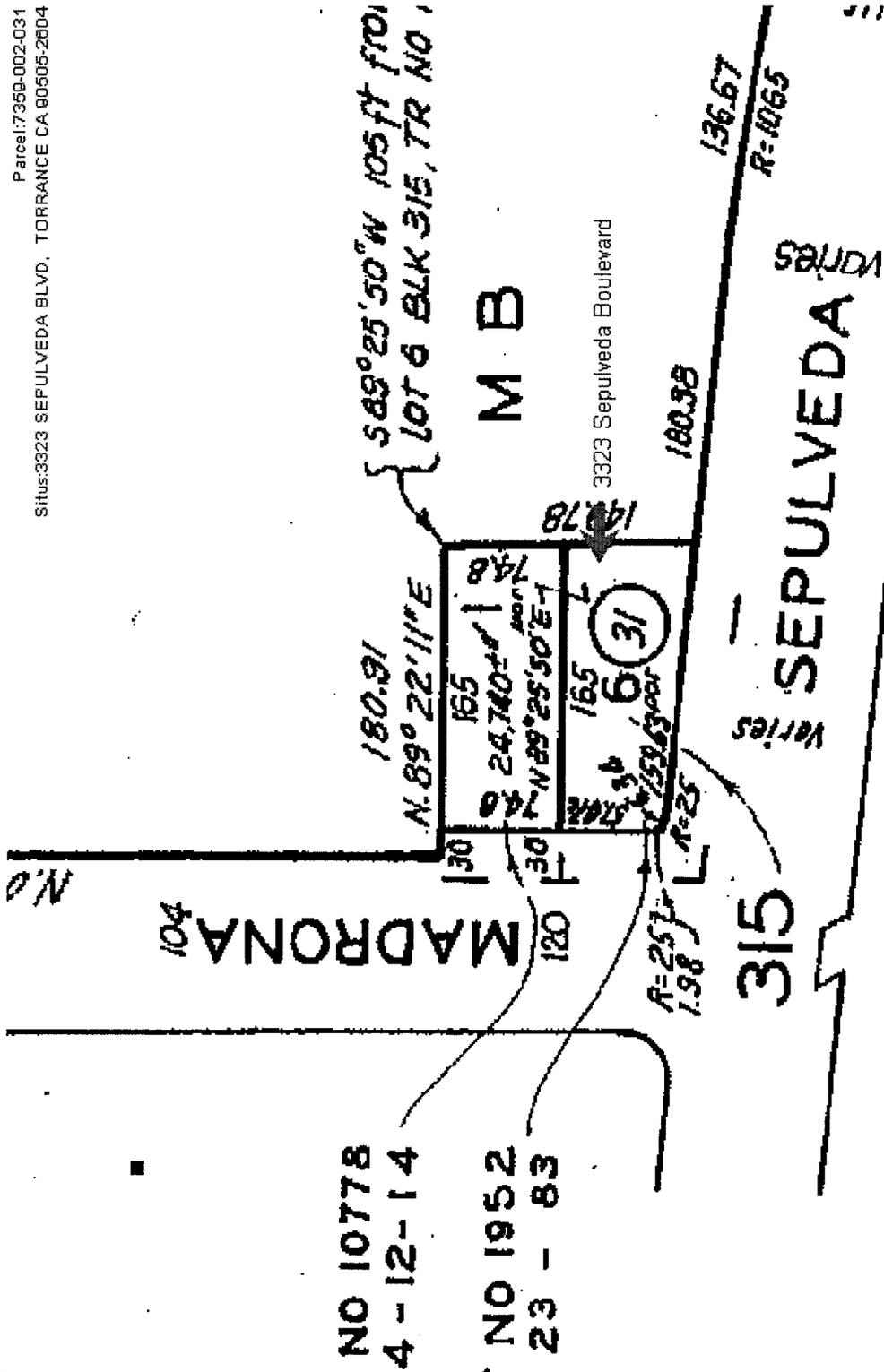
Due to the zoning restriction, the highest and best use of the subject site is for some public use such as a school, church, hospital or community center.

SPECIAL ASSUMPTIONS/LIMITING CONDITIONS

We did not have a registered survey for the site, our size representation is that of the assessor's records.

SITE PLAN
CHEVRON #96015
Source: Chevron

Parcel: 7359-002-031
Situs: 3323 SEPULVEDA BLVD., TORRANCE CA 90505-2604



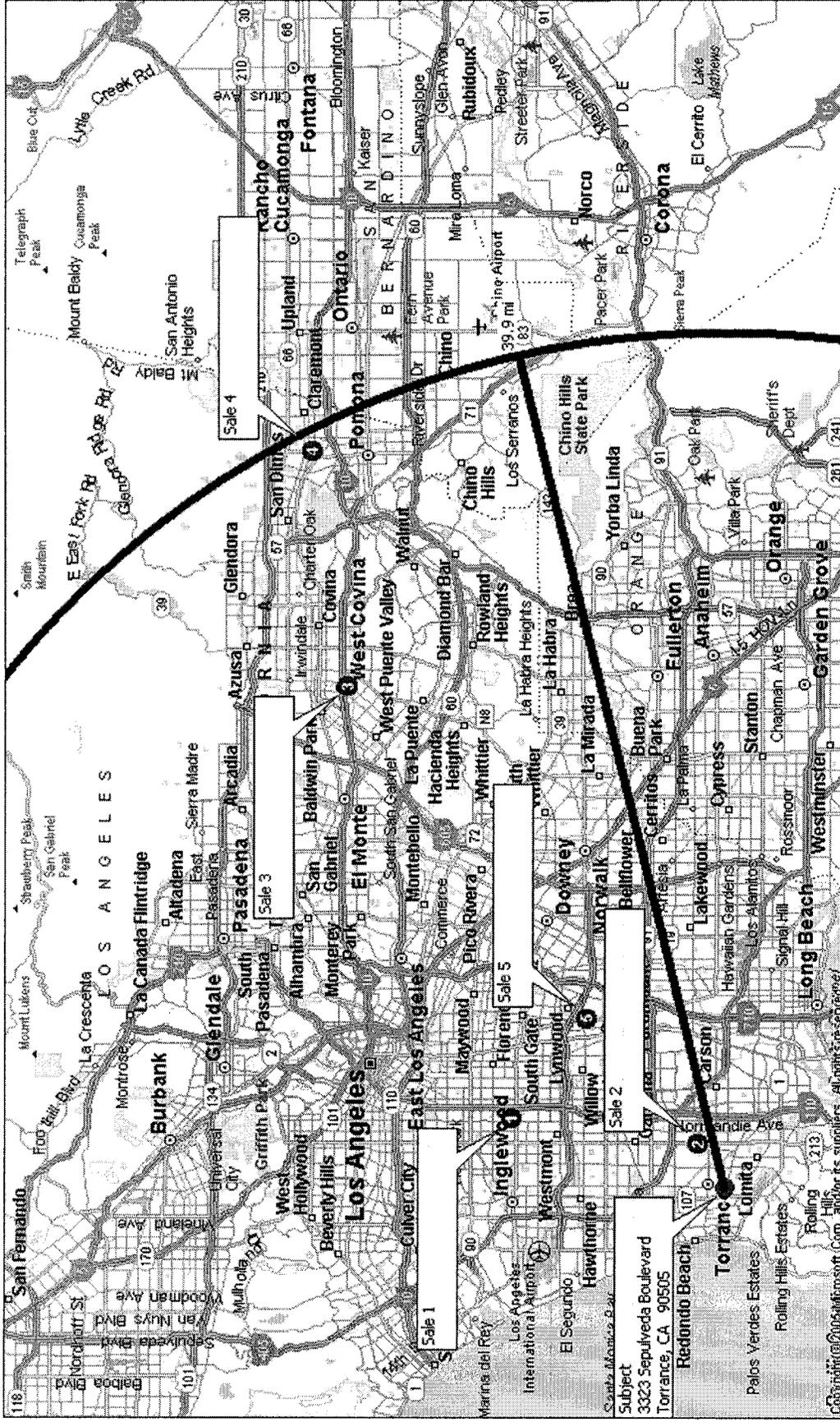
CHEVRON #96015
Land Sales and Comparative Analysis

Market Data		SUBJECT					
		1	2	3(1)	4	5	
Location		NEC Sepulveda Boulevard and Madrona Avenue	S/S 83rd Street, E of Vermont Avenue w/50' of addl frontage along 84th Street	SWC South Western Avenue and 205th Street	SW/S West Covina Parkway NW of Sunset Avenue	E/S Garey Avenue @ Grevilla Street	Adjacent to the SEC Long Beach Boulevard and Carlin Avenue w/addl fr along Palm Avenue
City		Torrance	Los Angeles	Torrance	West Covina	Pomona	Lynwood
Sale Date		N/A	Jul-2005	May-2005	Apr-2005	Nov-2004	Mar-2004
Sale Price		N/A	\$897,000	\$1,450,000	\$1,100,000	\$1,211,404	\$935,000
Sale Price/Sq.Ft.		N/A	\$24.51	\$22.89	\$36.27	\$10.22	\$15.00
Land Area (Sq. Ft.)		24,742	36,590	63,336	30,331	118,483	62,343
Shape		Basically Rectangular	Irregular	Rectangular	Rectangular	Irregular	Irregular
Intended Use		Commercial PD (PU), Planned Development, Public Use	Social Services Office	Office or Church	Medical Center Parking	Church & Playground	School
Zoning			C2, General Commercial	M1, Light Industrial	CR, Commercial Retail	C4, Commercial	C2, Commercial
Sale Price/Sq.Ft.			\$24.51	\$22.89	\$36.27	\$10.22	\$15.00
Conditions Of Sale			0%	0%	0%	0%	0%
Adjusted Price/Sq.Ft.			\$24.51	\$22.89	\$36.27	\$10.22	\$15.00
Market Conditions/Listing Status			10%	10%	10%	17.5%	20%
Adjusted Price/Sq. Ft.			\$26.97	\$25.18	\$39.89	\$12.01	\$18.00
Location			0%	0%	0%	0%	0%
Access/Frontage			20%	0%	20%	25%	20%
Size			5%	15%	0%	20%	15%
Zoning/Intended Use			0%	0%	0%	0%	0%
Net Adjustments			25%	15%	20%	45%	35%
Adjusted Price/Sq.Ft.			\$33.71	\$28.96	\$47.87	\$17.42	\$24.30
High	SF	\$47.87					
Low		\$17.42					
Mean		\$30.45					
Median		\$28.96					
Broker Opinion(s) PSF:		\$25.00 to \$30.00					
Value Estimate PSF		\$29.00					
Value Estimate, Rounded		\$718,000					

All of the comparable sales were purchased for development with a public use. This data set was utilized to reflect the development restrictions of the site's zoning.

(1) Previously adjusted to reflect the cost of razing improvements which existed at date of sale.

LAND SALES MAP
CHEVRON #96015



CHEVRON #96015

CERTIFICATION

I certify to the best of my knowledge and belief the following statements:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions (with respect to the elements of this certification, the assignment results, and the contents of the appraisal report for which each is individually responsible).

I have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

As of the date of this report, J. Kyle LeFevers has completed the continuing education program of the Appraisal Institute.

Jolee Aylesworth has experience in valuing the property that is the subject of this report.

Jolee Aylesworth prepared the analyses, values, or conclusions set forth in this report or provided significant valuation assistance to the person(s) signing this certification.

Donald W. Davidson and J. Kyle LeFevers have not made a personal inspection of the property that is the subject of this report. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Respectfully submitted,



J. Kyle LeFevers, MAI
California - State Certified General Real Estate Appraiser
AG026360