

CITY COUNCIL

For City Clerk's Use:

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APPROVED

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DENIED

Reso No. _____

File No. _____

Ord No. _____

Agenda Item No.: 9.

Date: October 27, 2010

TO: Honorable Mayor and Members of the City Council

FROM: Jeffrey R. Epp, City Attorney

SUBJECT: Acquisition of Property (480 North Spruce Street) for Redevelopment Purposes

RECOMMENDATION:

It is requested that Community Development Commission adopt CDC Resolution No. 2010-14 authorizing the Chair and Secretary of the Commission to execute documents necessary to acquire property located at 480 North Spruce Street.

BACKGROUND:

In late August, 2010, the Moorad Group entered into an agreement to purchase approximately 49,905 square feet of improvements on a parcel of approximately 3.78 acres located at 480 North Spruce Street, Escondido, California APN 232-091-28 ("Spruce Street Property") from Spruce Street Real Estate II, LLC. The property is strategically located in relation to the North County Transit District station, other property with potential for redevelopment, and proximity to the Highway 78/Interstate 15 crossroads.

The Spruce Street Property, along with portions of the City public works yard, and property owned by the North County Transit District, are included within the footprint of a proposed minor league ballpark project which is under negotiation and the subject of ongoing environmental review under the California Environmental Quality Act. However, the minor league ballpark project is still subject to completion of the CEQA process, a public hearing and discretionary actions under the California Redevelopment Law, and various other approvals and processes. While there is no assurance as to any final action on the minor league ballpark project, staff believes and recommends that it is in furtherance of the Commission's public purpose to acquire the Spruce Street Property independent of whether the minor league ballpark project is approved. Acquisition of property in this area can and will serve redevelopment purposes consistent with the existing Redevelopment Plan adopted by the City in 1984. The potential for redevelopment of the Spruce Street Property, as well as surrounding properties is demonstrated by the fact it was chosen as the preferred site for the ballpark project.

The purchase price in the Agreement between the Moorad Group and the property owners, Spruce Street Real Estate II, LLC is set at \$5,000,000 with an earnest money deposit in the amount of \$100,000 which has already been paid by the Moorad Group. Prices per square foot for similar

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properties have been reviewed by staff and outside consultants and have established the validity and reasonableness of the purchase amount set between the Moorad Group and Seller.

CDC Resolution No 2010-14 will authorize the Chair and Secretary of the Commission to execute the necessary documents, subject to approval as to form by the City Attorney, to assume the rights and obligations of Moorad Group under the Purchase Agreement and reimburse the Moorad Group for the deposit paid under the Purchase Agreement in the amount of One Hundred Thousand Dollars (\$100,000). These documents are contemplated to be escrow instructions executed by the Seller and Commission.

If the minor league ballpark project is approved, this assumption will enable the Commission to fulfill any proposed obligations for construction on the site; if the minor league ballpark project is not approved, there will be a number of redevelopment objectives that can be satisfied by the Commission by having title to this property. Moreover, it is unlikely that the Commission will otherwise have the opportunity to acquire the property in this manner without the existing agreement with the Moorad Group, considering that the Commission does not have eminent domain authority.

The Commission will be required to fulfill certain statutory relocation obligations with respect to the tenants and/or occupants of the Spruce Street Property. To fulfill those obligations, staff has retained Pacific Relocation Consultants and has commenced negotiations with the current tenants.

Respectfully submitted,



Jeffrey R. Epp
City Attorney

RESOLUTION NO. CDC 2010-14

9.

A RESOLUTION OF THE COMMUNITY DEVELOPMENT COMMISSION APPROVING AN AGREEMENT FOR ACQUISITION OF REAL PROPERTY LOCATED AT 480 N. SPRUCE STREET, AND TO AUTHORIZE THE CHAIR AND SECRETARY TO EXECUTE ALL DOCUMENTS NECESSARY TO COMPLETE THE ACQUISITION AND ACCEPT A GRANT DEED

WHEREAS, California Health and Safety Code Section 33391 allows for the purchase of any real property for the purposes of redevelopment; and

WHEREAS, the Community Development Commission ("CDC") of the City of Escondido, California, has Redevelopment Plan objectives to eliminate blight and to improve the economic climate within the project area; and

WHEREAS, a parcel of real property addressed as 480 North Spruce Street ("Spruce Street Property") is located within the Redevelopment Project Area, as delineated in the Redevelopment Plan adopted in 1984; and

WHEREAS, the owners of the Spruce Street Property have entered into a Purchase and Sale Agreement by which they have agreed to sell the property for a purchase price of \$5,000,000 to a prospective buyer; and

WHEREAS, the prospective buyer of the Spruce Street Property is willing to allow the Commission to assume the Buyer's rights and obligations in the purchase transaction, thereby allowing the Commission to acquire the property; and

WHEREAS, the amount of \$5,000,000 is a fair, reasonable and appropriate value for the property and the use of redevelopment funds for acquisition of this Property will provide significant benefit to the redevelopment project area.

NOW, THEREFORE, BE IT RESOLVED by the Community Development Commission of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the use of redevelopment funds for acquisition of this Property will provide significant benefit to the Redevelopment Project Area.
3. That the Chair and Secretary are authorized to execute on behalf of the Community Development Commission, all necessary escrow or other documents to acquire the Spruce Street Property for a purchase price of \$5,000,000, subject to final approval of all documents as to form by the City Attorney.