

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Ron Moreno, Director of Public Works/City Engineer

DATE: November 12, 2024

SUBJECT: Approve Resolution Approving Purchase and Sale Agreement for Vacant Parcel Owned by Hoff Investments and PMD Investments (APN 910-262-003)

PREPARED BY: Ron Moreno, Director of Public Works/City Engineer
Anissa Sharp, Management Analyst

RECOMMENDATION: That the City Council take the following actions:

1. Adopt a resolution entitled:

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA APPROVING THAT CERTAIN AGREEMENT ENTITLED PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS BETWEEN THE CITY OF TEMECULA, AS BUYER, AND HOFF INVESTMENTS, L.P. AND PMD INVESTMENTS, L.P. AS SELLERS (APN 910-262-003)

2. Authorize the City Manager to approve and execute all necessary documents, including escrow-related documents, and those documents in substantially the form attached to the agenda report, and take all necessary actions to effectuate the purchase of Assessor's Parcel Number 910-262-003.

BACKGROUND AND SUMMARY: The City seeks to acquire in fee the vacant parcel located at the northern terminus of Madison Avenue in the City of Temecula, and identified as Riverside County Tax Assessor's Parcel Number 910-262-003 ("Subject Property"). The Subject Property was listed for sale on the open market with Lee & Associates. The Subject Property is approximately 1.37 acres (59,677 square feet) in size. The Subject Property is described more particularly in Exhibit "A" and depicted on Exhibit "B" to the attached Purchase and Sale Agreement. The Subject Property is owned by Hoff Investments, L.P. and PMD Investments, L.P. ("Sellers").

The City obtained an independent fair market value appraisal of the Subject Properties prepared by the appraisal firm Perdue, Russell, & Matthies Real Estate Appraisal that used a date of value of February 2, 2024 ("Perdue Appraisal"). The City also obtained an appraisal review of the Perdue Appraisal dated April 5, 2024 prepared by Riggs & Riggs, Inc. ("Appraisal Review"). The

Appraisal Review found that the Perdue Appraisal complies with USPAP standards and that the Perdue Appraisal and its conclusions are sufficiently documented and supportable.

The City and the Owners negotiated the City's purchase of the Subject Property and agreed that the City would purchase the Subject Property for the purchase price of \$1,552,000.00 (One Million Five Hundred Fifty-Two Thousand and no/100), which is the fair market value of the Subject Property as determined in the Perdue Appraisal.

The acquisition of the Subject Property results in the transfer of ownership of the Subject Property. The City seeks to purchase the Subject Property for future public use, namely potential public street and highway purposes, and all uses necessary or convenient thereto for the proposed Phase III of the I-15/French Valley Parkway Improvements Project ("proposed Phase III"). The Subject Property is located within the footprint of the proposed Phase III. The acquisition of the Subject Properties for public use, namely for public street, highway and all uses necessary or convenient thereto is authorized pursuant to Government Code Sections 37350, 37350.5, 37351, 37353, 40401 and 40404, and other provisions of law.

Pursuant to the attached Purchase and Sale Agreement, the City would pay \$1,552,000.00 for the Subject Property based on the fair market value estimate set forth in the Perdue Appraisal. The City is also responsible for any escrow-related and title-related costs or charges.

The City's consultant, Leighton Consulting, Inc. has prepared a Phase I Environmental Site Assessment Report as part of the City's due diligence for the potential acquisition of the Subject Property. The City reviewed the Phase I and determined not to proceed with a Phase II.

FISCAL IMPACT: The City will pay \$1,552,000.00 for the Subject Property plus escrow-related and title-related costs, which include escrow closing costs and costs for the policy of title insurance for the Subject Property.

ATTACHMENTS:

1. Resolution
2. Purchase & Sale Agreement and Exhibits
 - Exhibit "A" - Legal Description of APN 910-262-003
 - Exhibit "B" - Depiction of APN 910-262-003
3. Project Description
4. Parcel Location Map