



AGENDA STAFF REPORT

MEETING DATE: 4/4/2023

AGENDA SECTION: GENERAL BUSINESS

SUBJECT:

Approval of a Purchase and Sale Agreement and Escrow Instructions for the purchase of forty (40) acres of Land for the future development of Heroes Park, a new fire station, and a new water tank site.

RECOMMENDATION:

Recommendation: It is recommended that the City Council, by motion, approve a Purchase and Sale Agreement and Escrow Instructions for the purchase of forty (40) acres from Thomas G. Loogman, Robert A. Loogman, Colette M. Quinn, John M. Loogman, Jr., Lisa M. Askins, and Trudy N. Simas for the future development of Heroes Park, a new fire station, and a new water tank site.

Recommended Motion: I move to approve the Purchase and Sale Agreement and Escrow Instructions and that the Mayor be authorized to sign that document and associated escrow material for the purchase of forty (40) acres of land that will be utilized for the development of Heroes Park, a new fire station, and a new water tank site.

BACKGROUND:

On December 8, 2021, the City of Hanford was awarded the Proposition 68 Statewide Park Development and Community Revitalization Program grant for \$8,500,000 to acquire and develop the new forty (40) acre Heroes Park. The amenities and conceptual design of the park (copy attached) were established through extensive community outreach. The result is a regional park that will serve the community's future needs and attract visitors from throughout the State.

The original location selected for Heroes Park was on the northeast corner of Florinda and 9-1/4 Avenue. This was based on the State's prescriptive criteria for their desire for new parks in underserved communities and located farther at least one-half (1/2) mile from an existing park.

Lengthy negotiations with the landowner failed because the State dictates that the purchase price may not exceed fair market value based on a current appraisal of the property.

Shortly thereafter, the City approached the owner of the adjacent property to the east of the original parcel. That owner, Latis, LLC (Latis), expressed an interest in selling the northern forty (40) acres of its sixty (60) acre parcel. Latis intends to transfer ownership of the property to the individuals who are the owners of the LLC, and those individuals will be the sellers for purposes of the City's acquisition of the forty (40) acres.

A preliminary title report, property survey, appraisal, and environmental assessment were prepared, which led to the proposed Purchase and Sale Agreement and Escrow Instructions (PSA).

A copy of the appraisal is attached. The appraisal reflects a total appraised value of \$4,664,000.00, which is allocated as follows:

- \$4,600,000.00 for land.
- \$36,000.00 for interim residence value.
 - o The appraiser projected that, if the sellers do not sell the forty (40) acres the City, they could sell the entire sixty (60) acre parcel in approximately three (3) years. The appraiser determined that, during the three (3) year period, the sellers could rent the existing residence for a total of \$36,000.00. The appraiser included an “interim residence value” as eminent domain compensation for the sellers’ loss of use of the residence over the three (3) year projected marketing period.
- \$28,000.00 for loss of use of an existing irrigation system.
 - o The sellers’ sixty (60) acre property is irrigated by improvements located on the forty (40) acre portion that the City intends to purchase. The City’s development of Heroes Park will eliminate the irrigation system and will affect the sellers’ irrigation of their remaining twenty (20) acres. The appraiser identified the value of such loss of use for purposes of eminent domain compensation.

The following is a summary of the key terms of the attached Purchase and Sale Agreement:

- Purchase Price: \$4,664,000.00
- Feasibility Period: Ninety (90) days for the City’s evaluation of the property. An environmental assessment has been completed and no contamination issues were identified.
- Rezone of Sellers’ Other Property: A portion of the property is designated Neighborhood Mixed Use. The sellers own property on the north side of Grangeville Blvd. that has a land use designation of Medium Density Residential, and they asked the City to change the use designation of ten (10) acres of their northern property to Neighborhood Mixed Use. The PSA indicates that the City will process a General Plan amendment and Zoning Ordinance amendment at the City’s cost. The Council may not, however, contractually commit to approving the amendments. Accordingly, when the Council considers the amendments in the future, the Council may approve the amendments only if the Council makes the required legal findings.
- Recognition of Sellers’ Relatives: The City will recognize:
 - o Mrs. Gertrude R. Thomas in association with the new park.
 - o Mr. John M. Loogman, a former fire fighter, in association with the fire station constructed at the property.
- Lease: The City will lease the forty (40) acres back to the sellers until the City is ready to develop the park. The Lease will contain the following terms:
 - o Either party may terminate the Lease by giving one hundred eighty (180) days’ prior written notice. This right to terminate will allow the City to move forward with Park development when the City is ready and will give the sellers’ adequate time to harvest crops.

- o The sellers will not pay rent.
- o The sellers will retain all crops that they grow at the property and will retain the proceeds from the sale of the crops.
- o The City will not be obligated to perform any repair or improvement work under the Lease.

- Closing Deadline: Fifth (5) business day following the expiration of the ninety (90) day Feasibility Period, although the City may elect to close earlier.

FISCAL IMPACT:

The Proposition 68 Statewide Park Development and Community Revitalization Program grant, Fire Impact Fee funds, and Water Impact Fee funds will pay the purchase price for the property on a pro rata basis, and the committed \$2,231,308 from the Park Impact Fee Reserve Account will be used for the design and development of the park.

ATTACHMENTS:

1. 2023.03.27 Purchase Agreement - Loogman Property - FINAL
2. 2023.03.27 Heroes Park Appraisal
3. 20002_UTF-Heros Park Schematic UPDATE 10.06.2022 (003)
4. Heroes park locations