

TO: James L. App, City Manager

FROM: Bob Lata, Community Development Director

SUBJECT: Appraisal Services Contract – State Highways 101 & 46West

DATE: October 4, 2005

Needs: For the City Council to consider authorizing the City Manager to enter into an Agreement for Appraisal Services in relation to properties in the vicinity of State Highways 101 and 46 West.

Facts:

1. The City has completed a Project Study Report (PSR) that outlines interchange options at the intersection of State Highways 101 and 46 West.
2. The PSR identifies three specific properties along the west side of Highway 101 as being affected regardless of which design option is ultimately developed.
3. One of the parcels identified currently holds a development entitlement from the Planning Commission. Another application has been filed on this same parcel for a more intense development.
4. The City has received a proposal from Sierra West Valuation to provide appraisal reports for all three properties for a total cost of \$12,000.

**Analysis
and**

Conclusion: The Project Study Report for interchange improvements at the intersection of State Highways 101 and 46 West provides design options and specifically identifies three parcels along the west side of Highway 101 as being affected, regardless of which design option is ultimately chosen. While it is likely to be many years before the ultimate interchange improvements are made, interim highway improvement projects will be considered that will implement portions of the ultimate interchange program. These interim projects will also require the purchase of these properties.

These properties will continue to gain value over time. One of the three properties currently has building entitlements. An application has been filed to develop the site more intensely. It is inevitable that development proposals will follow for the other two parcels and the City will be faced with the decision to allow building or purchase the properties.

At this time, it is prudent to determine the current value of these properties and follow with consideration of their purchase before more value is built into them.

Policy

Reference: Circulation Element of the General Plan

Fiscal

Impact: \$12,000 from the approved CIP Program Budget for transportation projects

Options:

- a.** Adopt Resolution No. 05-xx authorizing the City Manager to enter into an Agreement for Consultant Services with Tim Landes, Sierra West Valuation in relation to three properties in the vicinity of State Highways 101 and 46 West for a not-to-exceed fee of \$12,000.
- b.** Amend, modify, or reject the above option.

Attachments (2)

1. Proposal for Services
2. Resolution

Sierra West

Valuation

Tim Landes, SR/WA
Vicki Briggs, MAI

164 Maple Street, Suite 1
Auburn, California 95603

September 10, 2005

Mr. John Falkenstien
Public Works - Engineering
City of Paso Robles
1000 Spring Street
Paso Robles, California 93446

**Re: Proposal for Appraisal Services
State Highways 101 & 46 Interchange Improvement Project
County of San Luis Obispo, California**

Dear Mr. Falkenstien:

As requested, I am submitting the following proposal for appraisal services relating to complete acquisitions of three vacant parcels of land needed by the City of Paso Robles for the proposed highway interchange project captioned above. The parcels to be appraised are: APN 009-831-020, owned by Peter Kim; APN 040-091-041, owned by Quorum Realty Fund, and; APN 009-831-003, owned by Michele Busi. This proposal outlines the related appraisal services to be performed, the estimated cost of such services, and fees for consultation and subsequent public testimony, if necessary, in relation to the valuation of the property interests to be acquired from the subject properties.

- 1) **Purpose and Function of the Assignment:** The purpose of the assignment is to estimate the *fair market values* of the proposed complete acquisitions of one or more of the three properties listed above for highway improvement purposes. The interests to be appraised are in *fee simple*. Any appraisal completed will conform to the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisals prepared by Sierra West Valuation may be used for negotiations between the City of Paso Robles and the property owners and, if negotiations are unsuccessful, the appraisals may be used in subsequent condemnation proceedings. To that end the appraisals will be prepared in conformance with California eminent domain case law, contemporary appraisal methodology and the California Code of Civil Procedure.

2) **Scope of Services:**

The appraiser's scope of work in this assignment includes but is not limited to:

- conferences and/or meetings with the client, designated representatives of the City of Paso Robles and the property owners in order to ascertain factual information concerning the subject properties;
- gathering factual information concerning the subject properties through the examination of public records and interviews with persons knowledgeable of the subject sites and neighborhood;
- obtaining information regarding the highest and best use of the parcels from representatives of the City's Community Development/Planning Department;
- discussions with representatives of appropriate governmental agencies as to the properties' zoning, community plan, general plan, flood hazard zones, etc.;
- review of easements and restrictions listed in the preliminary title reports to be provided by the City;
- market research for sales and listings of comparable properties, and confirmation with directly involved parties;
- analyses of the data gathered and reconciliation into a conclusion of the fair market value of the properties to be acquired as of the date of inspection of the subject properties;
- the analysis and conclusions of the appraisal process to be included in separate written appraisal reports appropriate for the purposes stated previously in this document; and
- responding to any questions or comments that may be made subsequent to the submission of the appraisal reports by representatives of the City of Paso Robles or their duly appointed review authority(ies).

3) **Fees for Appraisal and Post-Appraisal Services:** The fee for the above described appraisal services will be as follows:

For any one appraisal of the above three properties, the fee for appraisal services will be an amount not to exceed **Five Thousand Dollars (\$5,000.00)**.

For any two appraisals of the above three properties, the fee for appraisal services will be an amount not to exceed Four Thousand Five Hundred Dollars (\$4,500.00) per appraisal, or an **aggregate total of Nine Thousand (\$9,000.00)**.

For appraisals of all three of the above listed properties, the fee for appraisal services will be an amount not to exceed Four Thousand Dollars (\$4,000.00) per appraisal, or an **aggregate total of Twelve Thousand Dollars (\$12,000.00)**.

The above bid is for the preparation of the proposed appraisal report only and does not represent compensation for subsequent consultation, preparation for testimony, or public testimony. Subsequent consultation, internal meetings and/or preparation for any public testimony by Tim Landes, SRWA, shall be billed at a rate of \$185.00 per hour, with public testimony, if necessary, to be billed at rate of \$225.00 per hour. The hourly appraisal rate invoiced for Ms. Vicki Briggs, MAI, is \$145 per hour.

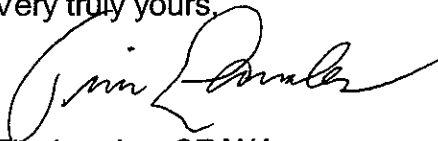
Invoices for appraisal services may be billed not more often than once per month with payments to be made within thirty (30) days from the date of the invoice. If requested, a time log of tasks performed will be provided to the client.

- 4) **Date of Completion:** The appraisal report described above will be completed within **sixty (60) days** from the date of delivery of the following items by the City of Paso Robles to the appraiser:
 - Official notification to the appraiser to initiate the appraisal process.
 - Preliminary title report for each property under appraisal *indicating the encumbrances, easements and restrictions that apply to the subject property(ies)*.
 - Construction plans and other data adequate to describe the proposed public project in the appraisal report(s).
- 5) **Change in Contract Terms:** Any substantive change in the type or scope of report required for this assignment could be reason to change the terms of this contract as per mutual agreement of the parties hereto.
- 6) **Number of Reports:** Unless otherwise requested, the number of appraisal report copies provided for each property valuation will be *three (3)*.
- 7) **Effective Date of Value:** The effective date of value for each report will be as of the last inspection date by the appraiser, said date anticipated to be in October 2005.
- 8) **Valid Term of Proposal:** The terms of this proposal are valid until September 30, 2005.

Mr. John Falkenstien
September 10, 2005
Page 4 of 4

Please let me know if this proposal is acceptable and, if so, when I may begin the appraisal process. I look forward to the opportunity of working with you and the representatives of the City of Paso Robles on this assignment.

Very truly yours,

A handwritten signature in black ink, appearing to read "Tim Landes", written over a horizontal line.

Tim Landes, SRWA
Sierra West Valuation
CA Certified General Real Estate Appraiser #AG005980

Copy: Ms. Iris Yang; McDonough, Holland & Allen

RESOLUTION NO. 05-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH
SIERRA WEST VALUATION FOR APPRAISAL SERVICES IN RELATION TO THE
THREE PROPERTIES IN THE VICINITY OF STATE HIGHWAYS 101 AND 46 WEST

WHEREAS, the City has completed a Project Study Report that outlines interchange options at the intersection of State Highways 101 and 46 West; and

WHEREAS, the Project Study Report identifies three specific properties along the west side of Highway 101 as being affected by all design alternatives; and

THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. The City Council of the City of El Paso de Robles does hereby authorize a one time appropriation in the amount of \$12,000 from the Highway 101 – 46 West Assessment Fund Budget Account No. 309-710-5224-222 for the City Manager to enter into a contract with Sierra West Valuation for Appraisal Services to provide an appraisal of the value of three parcels in the vicinity of State Highways 101 and 46 West.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 4th day of October 2005 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk