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APRIL 20, 2004

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IGNACIO DE LA FUENTE, PRESIDENT
CITY COUNCIL
OAKLAND, CALIFORNIA

PRESIDENT DE LA FUENTE AND MEMBERS OF THE CITY COUNCIL

SUBJECT: AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO A PURCHASE AND SALE AGREEMENT WITH EMILY RAY TRUSTEE FOR THE EMILY RAY TRUST OF 1992 FOR THE CITY'S ACQUISITION OF REAL PROPERTY LOCATED AT 7318 INTERNATIONAL BOULEVARD, OAKLAND, CALIFORNIA, IN THE AMOUNT OF \$391,105, EXCLUDING CLOSING COSTS

PURPOSE AND SCOPE

In accordance with the Measure H Charter Amendment, which was passed by the voters at the General election of November 5, 1996, we have made an impartial financial analysis of the accompanying Council Agenda Report and Proposed Resolution. In making our analysis we also reviewed appraisal reports prepared by independent licensed appraisers and a licensed City staff appraiser.

Since the Measure H Charter Amendment specifies that our impartial financial analysis is for informational purposes only, we did not apply Generally Accepted Government Auditing Standards as issued by the Comptroller General of the United States. Moreover, the scope of our analysis was impaired by Administrative Instruction Number 137, effective May 21, 1997, which provides only one (1) week for us to plan, perform and report on our analysis.

SUMMARY

The property consists of a secured parking area, upon which there is an outdoor advertising billboard. The City needs to acquire the property in order to proceed with its plans for the International Boulevard Streetscape Project.

Since the owner and the City have been unable to agree on a purchase price for the property, the owner threatened to sue the City.

Staff is of the opinion that failure of the City to acquire the property by voluntary negotiations will likely delay the streetscape project for several years.

FISCAL IMPACT

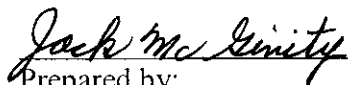
To settle this matter, the City proposes to pay the owner \$391,105.00, excluding closing costs, to acquire the property. This amount is \$84,405 higher than the \$306,700 appraised value of the property, as summarized below:

<u>Description</u>	<u>Amount</u>
Appraised value of property	\$144,000
Appraised value of billboard	<u>162,700</u>
Total appraised value	\$306,700
Premium	<u>84,405</u>
Proposed purchase price	<u>\$391,105</u>


Funding is available in the International Boulevard/MacArthur Street Improvement Project, which is in Fund 5500, Org. 92242, Account 57111, Project Number C167620.

CONCLUSION

Although the proposed purchase price appears to be too high, the acquisition of the property is necessary for the completion of the International Boulevard Streetscape Project, and will also avoid legal proceedings that would probably be expensive and time-consuming.


Prepared by:
Jack McGinity, CPA

Report completion date:
April 13, 2004


Issued by:
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