



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen

**SUBJECT: ACQUISITION OF REAL PROPERTY
LOCATED AT 1101 SOUTH KING ROAD
AND 1666 STORY ROAD**

DATE: 06-07-04

Approved

Date

Council District: 5

RECOMMENDATION

It is recommended that the City Council approve Purchase and Sale Agreements with:

- (a) Albert and Lily Toy, in the amount of \$10,300 plus related closing costs, for the acquisition of a portion of 1101 South King Road (APN: 486-10-068), in the area of the proposed streetscape for the Story Road Redevelopment Project Area; and,
- (b) Dennis Fong and Polly Kam, in the amount of \$95,000 plus related closing costs, for the acquisition of a portion of 1666 South King Road (APN: 486-10-086,88,89), in the area of the proposed streetscape for the Story Road Redevelopment Project Area.

CEQA: Pending.

BACKGROUND

The Redevelopment Agency is working with the Department of Public Works to construct street improvements on King and Story Roads. Work on King Road includes the addition of a second left turn lane onto Story Road, new paved median islands, wider sidewalks, street trees, and a new mid-block pedestrian signal between the Tropicana Shopping Center and the new development on the southeast corner. To provide the street width required for the additional left turn lane and the new eight-foot sidewalks, the public right-of-way must be extended, which requires the purchase of private property and the dedication of that private property as public right-of-way.

ANALYSIS

The Agency is performing acquisition services for the Story Road Redevelopment Project Area. An original Offer to Purchase letter was presented to the property owners of record in June 2001, based on an appraisal submitted by Hulberg & Associates, of Walnut Creek. That offer was rejected. Because of the real estate market activity over three years subsequent to the appraisal, the Agency commissioned a new appraisal from Burchard & Rinehart. Burchard & Rinehart acknowledged that the values had increased since the valuation date of Hulberg's appraisal. This increase was reflected by the market sales used in their appraisal. The Agency submitted revised Offers To Purchase to the owners of record on March 29, 2004 based on appraisals reflecting a valuation date of March 24, 2004. The owners accepted the offers.

To address possible environmental concerns, the Agency contracted with Brown & Caldwell to complete a Phase I environmental site assessment. Brown & Caldwell determined through its Phase I report dated June 1, 2001, that a Phase II site assessment would not be required for this property due to a lack of material environmental issues. As such, there were no reductions in the purchase price of the property.

A map showing the subject properties is attached as Exhibit A.

PUBLIC OUTREACH

This project has been designed in collaboration with the Story Road Business Association and has been presented for comment to several neighborhood groups, including the Slonaker Neighborhood and the KONA NAC. The improvement of the Story and King intersection is included in the KONA "top ten."

COORDINATION

Preparation of this staff memorandum has been coordinated with the San José Redevelopment Agency, the City Attorney's Office, the City Manager's Budget Office and the Department of Planning, Building and Code Enforcement.

COST IMPLICATIONS

Funding for the proposed acquisitions, in the total amount of \$105,300 plus related closing costs, is in the Redevelopment Agency's Adopted FY 2003 – 2004 Capital Budget: Story Road: King and Story Implementation (OPA) (Neighborhood Investment Program Redevelopment Area) budget line item.

HONORABLE MAYOR AND CITY COUNCIL

06-07-04

Subject: Acquisition of Real Property Located at 1101 South King Road and 1666 Story Road

Page 3

BUDGET REFERENCE

The Redevelopment Agency will fund the purchase escrow and pay all related closing costs.

CEQA

Pending.

KATY ALLEN
Director, Public Works Department

MCK:hla
mk052404cc
Attachment