

# City of Hesperia

## STAFF REPORT



**DATE:** May 15, 2018

**TO:** Chair and Commissioners, Hesperia Community Development Commission

**FROM:** Nils Bentsen, Executive Director

**BY:** Rod Yahnke, Economic Development Manager  
Jennifer M. Shove, Administrative Analyst

**SUBJECT:** Real Property Purchase and Sale Agreement – APN 0410-031-06 Mauna Loa

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### RECOMMENDED ACTION

It is recommended that the Hesperia Community Development Commission (HCDC) adopt Resolution No. CDC 2018-05: (i) approving the “Agreement For The Purchase And Sale Of Real Property And Joint Escrow Instructions” (Agreement) for real property located at the southwest corner of Mauna Loa Street and the “G” Avenue Lead Track, Assessor’s Parcel Number 0410-031-06 (Property) by and between Western International Gas (Buyer) and the Hesperia Community Development Commission (Seller); and (ii) authorizing the Executive Director to execute all documents necessary to consummate the transaction.

### BACKGROUND

In December 2008 the former Hesperia Community Redevelopment Agency (HCRA) purchased the Property for the construction of the G Avenue Rail Lead Track and for future industrial rail users. Dissolution of all redevelopment agencies throughout California led to the creation of the Hesperia Community Development Commission (HCDC). Certain properties, including this parcel, were approved by the State of California’s Department of Finance to be transferred from the HCRA to the HCDC, on March 9, 2011.

On March 5, 2018 Cushman & Wakefield tendered a Letter of Intent (LOI) from Buyer, a manufacturer of acetylene. The LOI was reviewed in closed session on April 3, 2018 and the HCDC Board authorized the sale of said real property at the proposed terms. On April 30, 2018 Cushman & Wakefield submitted a Purchase and Sale Agreement as well as a standard commission agreement. Both mirrored the LOI terms approved by the Board on April 3, 2018.

The Buyer’s acetylene manufacturing business will employ fifteen people initially and will grow to fifty people within five years. In addition, they will require three rail cars per month and will grow at a similar pace as the jobs. A track agreement will need to be structured with BNSF and will be presented to the Board at a later date.

### ISSUES

The sales price was determined to be at fair market value based on an appraisal completed by Smothers Appraisal. Cushman & Wakefield requested a 3% commission to represent the buyer, which is lower than the industry standard of 10%.

This parcel was vetted through the Department of Finance and approved for sale via the Property Management Plan as required during the HCRA dissolution process.

**FISCAL IMPACT**

The sale price of Three-Hundred Eighty-Three thousand and Three-hundred and Twenty-eight dollars (\$383,328) less commission and closing costs, which will be paid out of sale proceeds at the close of escrow.

**ALTERNATIVE(S)**

1. Provide alternative direction to staff.

**ATTACHMENT(S)**

1. Resolution No. HCDC 2018-05
2. Purchase & Sale Agreement