

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal
Dept: City Manager
Subject: ACQUISITION OF REAL PROPERTY
12281 THACKERY DRIVE
(APN: 231-471-21)

From: Chet Yoshizaki
Dept: Economic Development
Date: May 27, 2008

OBJECTIVE

It is requested that the City of Garden Grove ("City") consider the acquisition of the real property located at 12281 Thackery Drive owned by Alfred E. Kasulka & Lillian J. Kasulka, Trustees of the Alfred E. Kasulka & Lillian J. Kasulka Trust Agreement of April 25, 1997 ("Owners").

BACKGROUND

The subject property is located adjacent to a larger redevelopment site situated along Harbor Boulevard. The acquisition of the subject property is urgent, as the Kam Sang Company is under time constraints from Marriott to begin the development of the Springhill Suites Hotel.

The acquisition consultant, Overland, Pacific, & Cutler, Inc., has made numerous attempts to contact the Owners. On December 28, 2007, the consultant mailed the offer on behalf of the City in the amount of \$510,000 (fair market value) for the purchase of the subject property. The consultant met with a family member at the Owners last known residence when the consultant was informed the Owners were deceased.

The consultant initiated contact with Duane Kasulka (Successor Trustee) who confirmed the death of the Owners, and the legal battle over the estate. Also, the First Successor Trustee--Ronald Kasulka, must convey the subject property to Duane Kasulka in order to convey it to the City.

DISCUSSION

The Trust Agreement provides that the First Successor Trustee shall convey the subject property to Duane Kasulka, the Second Successor Trustee, following the death of the last surviving Trustee. However, Ronald Kasulka has not conveyed the subject property to Duane Kasulka as they are disputing the estate. Duane Kasulka anticipates the legal disputes over the estate among the Successor Trustees to be resolved in a matter of weeks.

Due to urgency of this acquisition and based on the foregoing, the City should open an escrow on the subject property contingent on the fact that Duane Kasulka holds clear fee title to the property prior to close of escrow. If Duane Kasulka cannot

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produce clear fee title prior to close, the escrow period may be extended until such title is obtained.

In anticipation of conveyance of the subject property to Duane Kasulka, an agreement has been reached with him to acquire fee title interest of 12281 Thackery Drive. The agreed upon purchase price has been determined to be fair market value by an independent appraiser. The property contains 7,200 square feet of land and is currently improved with a 1,001 square foot single-family residence.

FINANCIAL IMPACT

- Community Development Block Grant (CDBG) funds have been allocated for the acquisition and relocation expenditures.

COMMUNITY VISION IMPLEMENTATION

- Improving the City's economic base through the development of tax-generating uses where appropriate.

RECOMMENDATION

Based on the abovementioned, staff recommends the following:

- Approve the acquisition of the subject property;
- Authorize the City Manager and City Clerk to execute the pertinent documents on behalf of the City;
- Authorize the Finance Officer to draw a warrant in the amount of \$510,000 when appropriate to do so;
- Authorize the City Manager and City Clerk to execute agreements for asbestos testing, asbestos abatement, and demolition at the lowest responsible bids.


CHET YOSHIZAKI
Economic Development Director

By: Carlos Marquez
Real Property Agent

Recommended for Approval


Matthew Ferial
City Manager

Attachment 1: Site Map
Attachment 2: Agreement For Acquisition