

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

Garden Grove Agency for Economic Development

To: Matthew J. Fertal From: Chet Yoshizaki
Dept: Director Dept: Economic Development
Subject: ACQUISITION OF REAL Date: September 8, 2009
PROPERTY 12602 LEDA LANE
APN 231-441-29 (TON)

OBJECTIVE

It is requested that the Garden Grove Agency for Community Development (Agency) consider the acquisition for the real property located at 12602 Leda Lane, Garden Grove (Property) owner by Kathleen Ton (Property Owner).

BACKGROUND

On June 9, 2009, the Agency entered into a Development and Disposition Agreement (DDA) with McWhinney Real Estate Services, Inc. (McWhinney) for the proposed development of a 10.3-acre site generally located at 12721 Harbor Boulevard in the City of Garden Grove (Proposed Development Site). McWhinney prepared a preliminary concept plan for the Proposed Development Site that includes a hotel with 600 rooms, an indoor/outdoor water park, approximately 18,000 square feet of retail space, one or more restaurants, and a parking structure containing not fewer than 1,000 parking spaces (collectively, the "Proposed Project").

On June 23, 2009, the Agency directed staff to negotiate with the adjacent properties to the Proposed Development Site to improve the overall footprint. Staff, working closely with McWhinney, negotiated a tentative agreement with the willing Property Owner at 12602 Leda Lane located in the north end of the Proposed Project.

DISCUSSION

The general terms and conditions of the agreement reached between the Agency and Property Owner to acquire fee title interest for 12602 Leda Lane are as follows:

- Property purchase price of Seven Hundred Fifty Three Thousand Dollars (\$753,000) for a parcel size of approximately 22,700 square feet;
- Agency to pay for the Property Owner's attorney fees and all closing costs;
- Close escrow within thirty (30) days, and

- As part of the sale, the Agency and the Property Owner will enter into a Lease Agreement to lease the Property for a minimum of one (1) year.

Lastly, the Agency will be acquiring this Property as an "AS IS" condition, meaning that the Agency will be responsible for any discovered environmental hazard. Historically, Agency residential purchases have resulted in limited environmental exposure. Overall, the benefit in acquiring this Property is that it would improve the overall footprint and flexibility of the Proposed Development Site.

FINANCIAL IMPACT

- Agency will acquire the Property with remaining Union Bank proceeds and available Agency Funds (non-Housing Fund). The purchase price of \$753,000 and closing costs estimated at \$8,000.

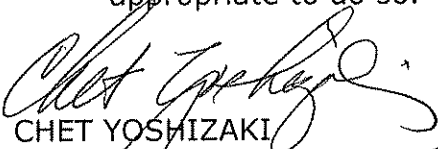
COMMUNITY VISION IMPLEMENTATION

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

RECOMMENDATION

Staff recommends that the Agency:

- Approve the acquisition of the subject property, 12602 Leda Lane;
- Authorize the Agency Director to execute the pertinent documents on behalf of the City;
- Authorize the Finance Director to draw warrants in the amount of Seven Hundred Fifty Three Thousand Dollars (\$753,000) for the purchase and an estimated Eight Thousand Dollars (\$8,000) for the closing costs, when appropriate to do so.


CHET YOSHIZAKI
Economic Development Director

By: 
Paul Guerrero
Senior Economic Development Specialist

Recommended for Approval


Matthew Fekal
Director

Attachment 1: Agreement for Acquisition of Real Property and Escrow Instructions