



Item Number: 8

City Council / Board of Directors

Written Communications

Meeting of: October 4, 2022

Submitted By:

Keith C. Metzler, City Manager

Subject:

Purchase and Sale Agreement and Joint Escrow Instructions – Parks Division Properties

Recommendation:

That the Honorable City Council:

- (1) Approve the Purchase and Sale Agreement and Joint Escrow Instructions (“PSA”) between the Mojave Water Agency (“MWA” and at times “Buyer”) and the City of Victorville for the sale of Accessor Parcel Numbers (“APNs”) 3070-401-11, 3070-401-01 and 3070-401-02 (“Properties”);
- (2) Adopt Resolution No. 22-110 amending the Annual Budget for Fiscal Year 2022-2023 relating to an appropriation of additional revenue; and
- (3) Authorize the City Manager, or his designee, to execute the PSA and related escrow documents to effectuate the sale.

Fiscal Impact:

The sale of properties will result in unbudgeted revenues in the amount of \$575,000 (less escrow fees and related costs) to account 3540010-46100 (Sale of Real Property).

Background:

Previously, on March 15, 2022, the City adopted Resolution No. 22-016 declaring three properties owned by the City’s Parks Division as exempt surplus land pursuant to the Surplus Land Act as the MWA desired to acquire the properties for the purposes of constructing a new recharge water basin. The Properties are described as APN's 3070-401-11, 3070-401-01 and 3070-401-02, encompassing approximately 42.33 acres of vacant land outside of the City limits.

Discussion:

Since March 2022, staff has worked with the MWA to negotiate purchase and sale terms for the Properties. The attached PSA establishes the following terms: a purchase price in the amount of \$575,000 with a consideration payment (good faith deposit) of \$11,500 due

within 15-days of opening an escrow account, a requirement that the PSA be delivered to an escrow officer within 15-days from the effective date, a 60-day due diligence period allowing the Buyer to perform environmental testing on the Properties, and the close of escrow to occur as soon as possible following the expiration of the due diligence period, but no later than 30-days. Escrow fees will be shared equally among the Buyer and Seller and there are no broker fees associated with this transaction. An appraisal was recently completed on August 16, 2022, valuing the Properties at \$440,000. The offer received exceeds the appraisal and is being sold at or above fair market value. The PSA is subject to the approval of the Mojave Water Agency Board of Directors.

The acquisition of the Properties will allow the MWA to increase water access by constructing a regional groundwater recharge facility which will collect excess water runoff during heavy rains allowing water to infiltrate into the soil replenishing the groundwater supply.

Staff seeks that the Honorable City Council approve the Purchase and Sale Agreement and Joint Escrow Instructions to consummate the sale, approve and adopt Resolution 22-110 amending the Annual Budget for Fiscal Year 2022-203 relating to an appropriation of additional revenue, and authorize for the City Manager, or his designee, to execute the PSA and related escrow documents.

Staff remains available for any questions or comments.

Attachments:

- A. Purchase and Sale Agreement and Joint Escrow Instructions
- B. Resolution No. 22-110
- C. Map of Properties