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CITY COUNCIL

AGENDA REPORT

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TO: Honorable Mayor and Members of the City Council

VIA: James DeStefano, City Manager

TITLE: Authorize City Manager to enter into purchase agreement with the City of Industry for the purchase of three (3) parcels APN # 8269-008-0270, 8269-050-026 and 8269-053-024, authorize the deposit of \$15,000 into escrow, and appropriate \$15,000 from General Fund reserves.

RECOMMENDATION:

Approve and appropriate funds.

FINANCIAL IMPACT:

The attached purchase agreement specifies that the City will deposit \$15,000 into escrow within 3 days after signing the agreement. The purchase price for the properties is \$150,000 but the City could be reimbursed the entire purchase price if LAFCO approves the realignment of city boundaries. The realignment of the municipal boundaries would result in four (4) parcels currently located in the City being annexed into the City of Industry. The financial implication of this proposed change is the loss of property tax (\$7,000) and sales tax (\$4,600) associated with these properties.

There are sufficient funds in the General Fund reserves for the escrow deposit.

DISCUSSION:

The attached purchase agreement specifies the conditions for the City to acquire approximately 120 +/- acres of property from the City of Industry. The agreement includes an escrow period until May 31, 2008. This escrow period will allow the City to perform its due diligence records review and conduct the necessary environmental assessment prior to purchase. After the property is acquired by the City, it shall be used for a public purpose.

The City and the seller have agreed that the City will support the seller's LAFCO application to realign municipal boundaries. As described above, the realignment of municipal boundaries will result in an

\$11,000 annual loss to the City. It is important to note that realignment of the municipal boundary can only be accomplished with an affirmative vote of a majority of the affected property owners.

The City Attorney has reviewed and approved as to form the attached purchase agreement.

PREPARED BY:

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Assistant City Manager

Attachment:

1. Purchase and Sale Agreement