



**REGULAR MEETING**

**SAND CITY COUNCIL**

**AND**

**SUCCESSOR AGENCY OF THE FORMER  
REDEVELOPMENT AGENCY**

**AGENDA**

**SAND CITY COUNCIL CHAMBERS**

**TUESDAY, DECEMBER 1, 2015**

**5:30 P.M.**

**AGENDA**  
**JOINT SAND CITY COUNCIL AND SUCCESSOR AGENCY**  
**OF THE REDEVELOPMENT AGENCY**

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Regular Meeting – December 1, 2015

5:30 P.M.

CITY COUNCIL CHAMBERS

Sand City Hall, One Sylvan Park, Sand City, CA 93955

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1. **INVOCATION**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **COMMUNICATIONS**

Members of the public may address the City Council/Successor Agency on matters not appearing on the City Council/Successor Agency Agenda at this time for up to three minutes. In order that the City Clerk may later identify the speaker in the minutes of the meeting, it is helpful if speakers state their names. Public comments regarding items on the scheduled agenda will be heard at the time the item is being considered by the City Council/Successor Agency.

The City Council Chambers podium is equipped with a portable microphone for anyone unable to come to the podium. If you need assistance, please advise the City Clerk as to which item you would like to comment on and the microphone will be brought to you.

A. Written

B. Oral

5. **CONSENT CALENDAR**

The Consent Agenda consists of routine items for which City Council approval can be taken with a single motion and vote. A Council member may request that any item be placed on the Regular Agenda for separate consideration.

A. Conditional Use Permits (CUP) and Coastal Development Permits (CDP) are subject to annual review by the City Council and City staff. Upon review of each of the following Use Permits, staff is recommending continued operation of the Use Permits to the City Council based on the finding that these uses are in compliance with their permits.

- (1) CUP #186,236,286, Gene's Auto Body (automotive shop),  
1531-A Shasta/ 524-A Elder Avenue
- (2) CUP #394, Frank D'Aquanno (automotive), 477 Redwood Avenue
- (3) CUP #425, Glastonbury, Inc. (equipment store & rent), 495-A Elder  
Avenue
- (4) CUP #480, Video Ranch (office, video production), 1793 Catalina  
Avenue

- (5) CDP #07-07, Ga-Ga (hair salon), 490 Orange Avenue
- (6) CUP #422, Garza Plumbing (contractor), 351-A Orange Avenue
- (7) CUP #574, Ringer Electric (Photo Studio), 613-C Ortiz Avenue
- (8) CUP #575, Mattress Nation (wholesale/storage), 495-B Elder Avenue
- (9) CDP #01-05, Guistiniani (Masonry contractor), 698 Ortiz Avenue

- B. Approval of Sand City Council Meeting Minutes, November 17, 2015
- C. Acceptance of Fort Ord Reuse Authority Monthly Report, November, 2015
- D. Approval of City RESOLUTION Continuing the Appointments to Various Local and Regional Agencies and Boards, effective January 1, 2016
- E. Acceptance of City/Successor Agency Monthly Financial Report, October 2015

**6. CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR**

**7. OLD BUSINESS**

- A. Progress report on Public Works projects, South of Tioga Redevelopment project, Coastal projects, and other Sand City community programs by City Engineer/Community Development Director/City Administrator.

**8. NEW BUSINESS**

- A. Consideration of City RESOLUTION Approving an Expenditure not to Exceed \$3,000 for Services by HF&H Consultants for Franchise Agreement Management and Oversight Services within the 2015-16 Fiscal Year
- B. Discussion of Medical Marijuana Regulation & Safety Act
- C. Consideration and Approval of the Sand City Successor Agency RESOLUTION Approving the Long Range Property Management Plan (LRPMP) and Submitting said Plan for Final Review and Approval to the Sand City Oversight Board and Department of Finance
- D. Consideration and Council Recommendation regarding Hickory Avenue Improvement Project
- E. Comments by Council Members on Meetings and Items of interest to Sand City
- F. Upcoming Meetings/Events

**9. CLOSED SESSION**

- A. City Council /Agency Board to adjourn to Closed Session:
  - 1) To confer with Legal Counsel regarding pending litigation in accordance with Section 54956.9(c) of the Ralph M. Brown Act,

- a) Monterey Peninsula Water Management v. State Water Resources Control Board (No. M102101), and related cases
- b) Seaside v. Sand City (No. M120996) and related cross action
- c) Seaside v. Sand City (King Ventures) (No. M126354)

B. Re-adjourn to Open Session to report any action taken at the conclusion of Closed Session in accordance with 54957.1 of the Ralph M. Brown Act

## 10. ADJOURNMENT

**Next Scheduled Council Meeting:  
Tuesday, December 15, 2015  
5:30 PM  
Sand City Council Chambers  
1 Sylvan Park, Sand City**

This is intended to be a draft agenda. The City reserves the right to add or delete to this agenda as required.

The current Sand City agenda is available in PDF format on our website at:  
[www.sandcity.org/agenda](http://www.sandcity.org/agenda)

If you have a request for a disability-related modification or accommodation, including auxiliary aids or services, which will allow you to participate in a Sand City public meeting, please call the City Clerk at (831) 394-3054 extension 20, or give your written request to the City Clerk at One Sylvan Park, Sand City, CA 93955 at least 48 hours prior to the scheduled meeting to allow the City Clerk time to arrange for the requested modification or accommodation.



AGENDA ITEM

5B

**MINUTES  
JOINT SAND CITY COUNCIL AND SUCCESSOR AGENCY  
OF THE REDEVELOPMENT AGENCY**

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Regular Meeting – November 17, 2015  
5:30 P.M.  
CITY COUNCIL CHAMBERS

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Mayor Pendergrass opened the meeting at 5:30 p.m.

The invocation was led by Reverend Robert Hellam.

The Pledge of Allegiance was led by Police Chief Brian Ferrante.

Present: Council Member Blackwelder  
Council Member Carbone  
Council Member Hubler  
Council Member Kruper  
Mayor Pendergrass

Staff: Todd Bodem, City Administrator  
Jim Heisinger, City Attorney  
Leon Gomez, City Engineer  
Brian Ferrante, Chief of Police  
Connie Horca, Deputy City Clerk

**AGENDA ITEM 4, COMMUNICATIONS**

A. There was no written communication distributed to the Council.

B. Oral

5:32 P.M. Floor opened for Public Comment.

There was no comment from the Public.

5:32 P.M. Floor closed to Public Comment.

**AGENDA ITEM 5, CONSENT CALENDAR**

The Consent Agenda consists of routine items for which City Council approval can be taken with a single motion and vote. A Council member may request that any item be placed on the Regular Agenda for separate consideration.

A. Conditional Use Permits (CUP) and Coastal Development Permits (CDP) are subject to annual review by the City Council and City staff. Upon review of each of the following Use Permits, staff is recommending continued 006

operation of the Use Permits to the City Council based on the finding that these uses are in compliance with their permits. There was no discussion of the following use permits.

- 1) CUP #328/CDP 88-01, Granite Rock (construction), 1755 Del Monte Blvd
- 2) CUP #478, Signature Nails (sales/service), 824 Playa Avenue
- 3) CDP 09-05, Coastal Fabrication; (welding/fabrication), 755 Redwood Avenue
- 4) CUP #534, Big Sur Marathon, (storage), 570 California Avenue

- B. There was no discussion of the Sand City Council Meeting Minutes, November 3, 2015.
- C. There was no discussion of the Public Works Monthly Report, October 2015.
- D. There was no discussion of the Police Department Monthly Report, October 2015.
- E. There was no discussion of the Sand City Joint Powers Financing Authority **Resolution** Confirming its Officers.
- F. There was no discussion of the City/Successor Agency Monthly Financial Report, September 2015.
- G. There was no discussion of the Denial of Claim submitted by Jose Guadalupe Castro regarding a Bicycle Accident on February 13, 2015.
- H. There was no discussion of the City/Successor Agency Treasury Report, September 30, 2015.
- I. There was no discussion of the June 5, 2015 Budget/Personnel Committee Meeting Minutes {approved at the Budget/Personnel Committee meeting on August 24, 2015}.
- J. There was no discussion of the City **Resolution** approving a Service Agreement with SLV Management (Stephen Vagnini) for the 2016 West End Celebration (WEC).
- K. There was no discussion of the City Donation/Contribution to the Salvation Army Christmas for \$300.
- L. There was no discussion of the City **Resolutions** honoring Officer Jeffrey Bushnell in recognition of his Heroic act in the attempted arrest of criminal suspects and Officer Larry Escobar in recognition of his Heroic act in the attempted arrest of criminal suspects.

Motion to approve the Consent Calendar items was made by Council Member Blackwelder, seconded by Council Member Kruper. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

## **AGENDA ITEM 6, CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR**

There were no items pulled from the Consent Calendar.

## **AGENDA ITEM 7, PRESENTATION**

### **A. Presentation of Certificates by Stephen Vagnini to Volunteers/ Supporters of the 2015 West End Celebration**

West End Celebration (WEC) coordinator Stephen Vagnini presented certificates of appreciation to staff, council members, and public individuals who participated in the 2015 West End Celebration. He expressed his thanks to the council for their support as well. Mayor Pendergrass presented Mr. Vagnini a certificate of recognition for his hard work and commitment in the coordination of the West End Celebration.

Mr. Vagnini concluded that in collaboration with Guitars not Guns (GNG), the WEC received funds to donate 1,000 guitars to the organization. GNG is a non-profit 501c3 organization that provides guitars and teaches lessons to foster children and at risk youth.

## **AGENDA ITEM 8, OLD BUSINESS**

### **A. Progress report on Public Works projects, South of Tioga Redevelopment project, Coastal projects, and other Sand City community programs by the City Engineer/Community Development Director/City Administrator**

City Engineer Leon Gomez reported that the desalination plant produced .23 acre feet of water through November 16, 2015. The plant has been inoperable due to high salinity at the source feed wells and the inability of blending the intake water to meet discharge limits. Even with the recent rains, the wells have not recovered as anticipated. The plant will be restarted on Wednesday, and a status report will be provided to staff. A letter was submitted to Mr. Bruno of Monterey Peninsula Engineering regarding the condition of the storage yard at the end of Tioga Avenue. Mr. Bruno has responded with correspondence addressing the concerns which will be submitted to the Regional Water Quality Control Board for their review. The repair work conducted by A & R plumbing left material on the street. Staff verbally informed them, and followed up with written correspondence requesting clean-up of the material. A & R plumbing rectified the issue by removing the material left over from the repair work.

Mr. Gomez reported that the Playa Avenue repair work will be discussed under agenda item 9B. As of this afternoon, a contractor has provided a quote, and another scheduled to review the site. MST will be proposing

plans for a bus shelter at the north entrance to the shopping center behind Panera Bread. Staff held a meeting to begin the process of discretionary review and approval of wireless communications facilities proposed by MobilLite.

Vice Mayor Carbone received clarification regarding the installation of PVC pipes at the end of Tioga Avenue involving work on the wells.

Chief Brian Ferrante reported that the Public Works crew is working on setting up the Christmas decorations, and continuing their training on the operation of the street sweeper.

City Administrator Todd Bodem reported that Tom Frutchey of Pacific Grove had resigned and accepted a position with the City of Paso Robles. A meeting with Dr. Ghandour and Staff will occur tomorrow afternoon regarding conditions related to his coastal development permit.

## **AGENDA ITEM 9, NEW BUSINESS**

### **A. Consideration of City Resolution approving an Expenditure not to Exceed \$1,000 for Services of Rob Hilton of HF&H Consultants towards the Development of a Model Solid Waste Ordinance**

City Administrator Todd Bodem commented that at the October 20, 2015 council meeting, the Council approved participation in the development of a Model Waste Ordinance. Since that time, several cities have decided to discontinue their participation resulting in increased costs for the remaining agencies. Sand City receives 3% of the total franchise fees, and it would seem logical that the City's contribution be 3% of its total franchise fee received. The attached resolution reflects the participation amount rounded off to \$1,000. Staff recommends approval of the resolution.

There was Council discussion regarding the cost of providing a model waste ordinance without the assistance of consultants, and costs to other cities should Sand City decide to move forward with a reduced amount.

Mayor Pendergrass commented that the City should consider participation, and it would seem fair to move forward even with a minimal contribution.

Motion to approve the City **Resolution** approving an expenditure not to exceed \$1,000 for Services of Rob Hilton of HF&H Consultants towards the Development of a Model Solid Waste Ordinance was made by Mayor Pendergrass, seconded by Council Member Blackwelder. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

### **B. Consideration of City Resolution approving the Emergency Repair of a portion of Playa Avenue, a Public Right-of-Way, in order to Protect Public Safety and Welfare, and to Authorize the City Administrator to Contract for said work for an amount that is to be Determined**

Mayor Pendergrass commented that the street is a busy area of the shopping center and expressed that the work should be done as soon as possible.

City Attorney Jim Heisinger added that the attached resolution would allow the City to select a construction company without going through a formal bidding process due to the time constraints, inclement weather, etc. This is a one-time authorization to vary from the procedure outlined in the Public Contracting Code. In the future, the City may want to consider adopting an ordinance that allows the City Engineer and City Administrator to authorize projects for amounts over \$5,000 or allow a special dispensation for one time jobs.

Mayor Pendergrass agreed with the City Attorney's suggestion especially regarding emergency repair work or special situations that require immediate attention. It would be feasible to have guidelines that the City can work with.

There was Council discussion regarding the scope of work that may be involved, suggestions on re-routing traffic at the location, expected completion date of the project, and the possibility of conducting extensive compaction testing of the area. Based on engineering estimates, Mr. Gomez reported that the work may total approximately \$12,000 - \$15,000 dollars. The job may take anywhere from 2 to 3 days with an additional 48 hours to receive notice of delineation and location of underground utilities.

There was further discussion regarding the original work performed at the area, the possibility of receiving reimbursement from the contractor who performed the work, and retaining documentation of any work performed at the area.

Motion to approve the City **Resolution** approving the Emergency Repair of a portion of Playa Avenue, a Public Right-of-Way, in order to Protect Public Safety and Welfare, and to Authorize the City Administrator to Contract for said work for an amount that is to be determined was made by Council Member Carbone, seconded by Council Member Kruper. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

**C. Comments by Council Members on Meetings and Items of interest to Sand City**

Council Member Kruper reported that at the last Monterey County Convention and Visitors Bureau (MCCVB) meeting, their sales team had booked 37,231 room nights within Monterey County resulting in an increase of 183% in tourism numbers. On October 8<sup>th</sup> new airline flights were announced that the airport will be providing flights to and from Los Angeles International Airport (LAX). The Public Safety Committee held a meeting on November 10<sup>th</sup> and discussion revolved around the lack



of a continuous sidewalk/pathway on California Avenue, a dog waste ordinance, a waste station at the Independent, reserve officer applications, new police department equipment, and hiring of a part-time temporary employee to help with work throughout the City.

Council Member Hubler reported that the proposed Holiday Art Sale will be postponed due to a lack of securing a venue, and it may be moved to some time in the spring. A juried art show is also being planned

Vice Mayor Carbone reported that she is working with the Monterey Fire Department to gather names of Sand City residents for the Christmas gift delivery list.

Council Member Blackwelder commented that interviews were held for the vacant Sergeant position. Commander Paul Tomasi from the City of Camel's Police Department and Lieutenant Bill Clark from the Monterey Police Department were involved with the interview process. Chief Ferrante added that Officer Bushnell was the chosen candidate and a promotion/swearing in ceremony will be held this Friday at 12:00 pm.

#### **D. Upcoming Meetings/Events**

There were no RSVP's from the Council. The Deputy City Clerk confirmed the dates for the City's Tree Lighting Ceremony and Annual Awards Banquet for Council Member Hubler.

### **AGENDA ITEM 10, CLOSED SESSION**

6:45 P.M.

#### **City Council/Agency Board to adjourn to Closed Session:**

##### **A. City Council /Agency Board to adjourn to Closed Session:**

1) To confer with Legal Counsel regarding pending litigation in accordance with Section 54956.9(c) of the Ralph M. Brown Act,

- a) Monterey Peninsula Water Management v. State Water Resources Control Board (No. M102101), and related cases
- b) Seaside v. Sand City (No. M120996) and related cross action
- c) Seaside v. Sand City (King Ventures) (No. M126354)

7:02 P.M.

##### **B. Re-adjourn to Open Session to report any action taken at the conclusion of Closed Session in accordance with 54957.1 of the Ralph M. Brown Act**

The Council confirmed with the City Attorney in closed session with regard to item 10A-1(a). No action was taken.

The Council acted by consensus to authorize the Mayor to enter into a stipulation for entry of judgement, item 10A-1(b).

The Council received a report from the City Attorney, item 10A-1(c). No action was

taken.

## **AGENDA ITEM 11, ADJOURNMENT**

Motion to adjourn the meeting was made by Council Member Blackwelder seconded by Council Member Kruper. There was consensus of the Council to adjourn the meeting at 7:04 p.m. to the next regularly scheduled Council meeting on December 1, 2015 at 5:30 P.M.

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Connie Horca, Deputy City Clerk

AGENDA ITEM

5C

# MEMORANDUM

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TO: City Council  
FROM: Mayor Pendergrass   
DATE: November 23, 2015  
SUBJECT: FORA Board Meeting, November 13, 2015

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The Agenda has been enclosed for reference. Due to the volume of materials that were attached with each agenda packet and should you desire to review the items, you may go to the FORA website: [www.fora.org](http://www.fora.org) to save time and materials.

## ITEMS 1 & 2

Procedural.

## ITEM 3, CLOSED SESSION

See item 4.

## ITEM 4 ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION

No action was taken on the above items referenced.

## ITEM 5, ROLL CALL

Procedural.

## ITEM 6, ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE

Procedural.

## ITEM 7, CONSENT AGENDA

- a. Approve October 9, 2015 Board Meeting Minutes
- b. Base Reuse Plan Reassessment Report: Category III Status
- c. Ad Hoc Committee Policy Regarding Authority Counsel Requests  
*Items a-c approved.*
- d. Oak Woodland Conservation Planning  
*Continued for further refinement and action.*

## ITEM 8, BUSINESS ITEMS

- a. Regional Urban Design Guidelines
  - i. Provide direction regarding approval of Draft Regional Urban Design Guidelines
  - ii. Amend Dover, Kohl and Partners Contract  
*Approved as amended.*

- b. Marina Coast Water District/FORA Facilities Agreement Dispute Resolution –  
2<sup>nd</sup> vote  
*Approved as amended (the allowed 9% user fee increase has no provision for the MCWD to use monies received for legal fees or will not be used for desal plant analyzing).*
- c. Fort Ord Reuse Authority Prevailing Water Program  
*To be continued to the December Board meeting.*
- d. Monterey Bay Charter School Traffic Impact Agreement  
*Information Update.*

**ITEM 9, PUBLIC COMMENT PERIOD**

Procedural.

**ITEM 10, EXECUTIVE OFFICER'S REPORT**

All Items referenced only.

**ITEM 11, ITEMS FROM MEMBERS**

Procedural.

**ITEM 12, ADJOURNMENT**

Adjourned at 4:15 P.M.



# FORT ORD REUSE AUTHORITY

920 2nd Avenue, Suite A, Marina, CA 93933

Phone: (831) 883-3672 | Fax: (831) 883-3675 | [www.fora.org](http://www.fora.org)

## REGULAR MEETING

### FORT ORD REUSE AUTHORITY BOARD OF DIRECTORS

Friday, November 13, 2015 at 2:00 p.m.

910 2nd Avenue, Marina, CA 93933 (Carpenters Union Hall)

## AGENDA

RECEIVED

NOV 06 2015

CITY OF SAND CITY

*[Handwritten mark]*  
**1. CALL TO ORDER**

*[Handwritten mark]*  
**2. PLEDGE OF ALLEGIANCE**

*[Handwritten mark]*  
**3. CLOSED SESSION**

- a. Conference with Legal Counsel-Potential Litigation, Gov. Code Section 54956.9(e)(2): FORA-Marina Coast Water District Dispute Resolution
- b. Conference with Legal Counsel-Potential Litigation, Gov. Code Section 54956.9(e)(2): FORA Prevailing Wage Issues/Exposure

*[Handwritten mark]*  
**4. ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION**

*[Handwritten mark]*  
**5. ROLL CALL**

*[Handwritten mark]*  
**6. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE**

*[Handwritten mark]*  
**A. CONSENT AGENDA**

ACTION

- a. Approve October 9, 2015 Minutes (pg. 1-4)
- b. Base Reuse Plan Reassessment Report: Category III Status (pg. 5-12)
- c. Ad-Hoc Committee Policy Regarding Authority Counsel Requests (pg. 13)

*[Handwritten mark]*  
**B. Oak Woodland Conservation Planning (pg. 14-18)**

*BRING BACK DEC for ACTION*

*[Handwritten mark]*  
**8. BUSINESS ITEMS**

- a. Regional Urban Design Guidelines (pg. 19-58)
  - i. Provide direction regarding approval of Draft Regional Urban Design Guidelines
  - ii. Amend Dover, Kohl and Partners Contract

INFORMATION/ACTION

*[Handwritten mark]*  
**b. Marina Coast Water District/FORA Facilities Agreement Dispute (pg. 59-62) Resolution – 2nd Vote**

ACTION

*[Handwritten mark]*  
**c. Fort Ord Reuse Authority Prevailing Wage Program (pg. 63-65)**

INFORMATION/ACTION

*[Handwritten mark]*  
**d. Monterey Bay Charter School Traffic Impact Agreement (pg. 66-68)**

INFORMATION/ACTION



**9. PUBLIC COMMENT PERIOD**

Members of the public wishing to address the Board on matters within its jurisdiction, but not on this agenda, may do so for up to 3 minutes. Comments on agenda items are heard under the item.

**10. EXECUTIVE OFFICER'S REPORT**

**INFORMATION**

- a. Outstanding Receivables (pg. 69)
- b. Habitat Conservation Plan Update (pg. 70)
- c. Administrative Committee (pg. 71-77)
- d. Post Reassessment Advisory Committee (pg. 78-81)
- e. Veterans Issues Advisory Committee (pg. 82-84)
- f. Water/Wastewater Oversight Committee (pg. 85-87)
- g. Travel Report (pg. 88-89)
- h. Public Correspondence to the Board (pg. 90)

**11. ITEMS FROM MEMBERS**

**12. ADJOURNMENT**

**NEXT BOARD MEETING: December 11, 2015**

Persons seeking disability related accommodations should contact FORA 48 hrs prior to the meeting. This meeting is recorded by Access Monterey Peninsula and televised Sundays at 9 a.m. and 1 p.m. on Marina/Peninsula Chanel 25. The video and meeting materials are available online at [www.fora.org](http://www.fora.org).

AGENDA ITEM

5D

**CITY OF SAND CITY**

**RESOLUTION SC \_\_\_\_, 2015**

**RESOLUTION OF THE CITY COUNCIL OF SAND CITY CONTINUING AND  
UPDATING THE APPOINTMENTS TO VARIOUS LOCAL AND REGIONAL  
AGENCIES AND BOARDS EFFECTIVE JANUARY 1, 2016**

**WHEREAS**, the Sand City Council has appointed representatives who have represented the City of Sand City well in the past on their respective board assignments; and

**WHEREAS**, the attached Sand City Representatives List also reflects Staff appointments to various agencies and organizations; and

**WHEREAS**, the Sand City Representatives List also includes the appointments of Sand City business owners, City Administrator-Staff Members, and property owners to Advisory Committees as listed in Section D of the attached Exhibit A; and

**WHEREAS**, it is necessary to update the list of the Sand City representatives from time to time.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of Sand City hereby extends the appointments including changes as listed on Exhibit A, attached hereto and incorporated herein by this reference.

**PASSED AND ADOPTED** by the City Council this \_\_, day of December, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

\_\_\_\_\_  
David K. Pendergrass, Mayor

ATTEST:

\_\_\_\_\_  
Linda K. Scholink, City Clerk

## SAND CITY REPRESENTATIVES LIST

**A. SELECTION OF VICE-MAYOR and SUCCESSOR AGENCY VICE-CHAIR  
Year 2016: Mary Ann Carbone****B. APPOINTMENT OF CITY REPRESENTATIVES TO VARIOUS AGENCIES/  
ORGANIZATIONS - Year 2016**

		<u>Agency Telephone</u>
<u>AMBAG</u>	Board: Mayor David Pendergrass/Mary Ann Carbone Technical/Planning: Todd Bodem/Charles Pooler	883-3750
<u>Ambag: (RAC) Regional Advisory Committee</u>	Todd Kruper	883-3750
<u>Chambers of Commerce</u>	Sand City/Seaside: Linda Scholink/Todd Bodem MPCC: Todd Kruper/ Todd Bodem MoCo Convention & Visitors Bureau: Todd Kruper	394-6501 648-5360 657-6400
<u>Community Human Services</u>	Board: Mary Ann Carbone/Linda Scholink	899-4131
<u>FORA</u>	Board: Mayor David Pendergrass/Mary Ann Carbone Admin.Committee: Todd Bodem Working Group: Todd Bodem	883-3672
<u>League of Ca.Cities Legislative Liaison Team</u>	Mayor David Pendergrass	915-8293
<u>MBAIF/MBASIA Mty Bay Area Self Ins. Authority</u>	Linda Scholink/Todd Bodem	438-0267
<u>ICCVB Advisory Council</u>	Todd Kruper	1-877-Monterey
<u>MRWPCA (Mty Reg. Water Pollution Control Agency)</u>	Board: Mayor David Pendergrass/Mary Ann Carbone Tech Comm: Todd Bodem/Leon Gomez	372-3367
<u>Mosquito Abatement District</u>	Board: Mary Ann Carbone	373-2483
<u>Monterey County Bus. Council</u>	Todd Bodem/Linda Scholink	833-9443
<u>Monterey County Commission on Disabilities</u>	Mary Ann Carbone	755-5117
<u>MoCo Integrated Waste Management (Task Force)</u>	Todd Kruper/ Alternate: Charles Pooler	755-8909
<u>Monterey-Salinas Transit District (MST)</u>	Board: Mayor David Pendergrass Alternate: Todd Kruper	1-888-678-8271
<u>National Monument Committee</u>	Board: Todd Kruper	884-1278
<u>Regional Taxi Authority</u>	Board: Mayor David Pendergrass Alternate: Todd Kruper	1-888-678-8271
<u>Sanctuary Scenic Trail</u>	Board: Todd Bodem/Charles Pooler	755-0903
<u>Sand City Oversight Board (Successor Agency)</u>	Board: Todd Bodem/Linda Scholink Alternate: Kelly Morgan	394-3054

### SAND CITY REPRESENTATIVES LIST

<u>Seaside County Sanitation</u>	Board: Mayor David Pendergrass/Craig Hubler	899-6200
<u>TAMC</u>	Board: Todd Bodem BIKE: Charles Pooler RAIL: Todd Bodem/Leon Gomez TAC: Todd Bodem/Leon Gomez	755-0903
<u>Monterey Regional Waste Management District</u>	Board: Mayor David Pendergrass Tech Comm: Todd Bodem/Charles Pooler	384-5313 755-8923

### SAND CITY REPRESENTATIVES LIST

<u>Monterey Peninsula Water Management District</u>	Director: Mayor David Pendergrass (appt. by Myrs Selection Comm.) Policy Advisory Committee: Mayor David Pendergrass/Todd Bodem Technical Advisory: Todd Bodem	658-5600
<u>MPWMD Ordinance 152 Oversight Panel</u>	Todd Kruper	658-5600
<u>Monterey Peninsula Regional Water Authority (MPRWA)- JPA</u>	Board: Mayor David Pendergrass Alternate: Vice Mayor Mary Ann Carbone	
<u>WaterMaster Board</u>	Board: Mayor David Pendergrass/Todd Bodem Legal Counsel: Jim Heisinger TAC: Todd Bodem /Leon Gomez BUDGET: Todd Bodem	641-0113

### C. ASSIGNMENT OF COUNCIL MEMBERS TO COUNCIL SUBCOMMITTEES

#### Year 2016

<u>Budget &amp; Personnel:</u>	Jerry Blackwelder/Mary Ann Carbone ( Staff: Todd Bodem & Linda Scholink)
<u>City Hall Remodel</u>	Todd Kruper, Craig Hubler
<u>Coastal Issues &amp; Development</u>	Mayor David Pendergrass and Jerry Blackwelder (Staff: Todd Bodem, Charles Pooler & Linda Scholink)
<u>Parks &amp; Open Space</u>	Mary Ann Carbone/Todd Kruper. (Staff: Todd Bodem & Charles Pooler)
<u>Public Safety</u>	Todd Kruper/Jerry Blackwelder (Staff: Todd Bodem, Chief Ferrante & Linda Scholink)
<u>Housing</u>	Mayor David Pendergrass/Craig Hubler (Staff: Todd Bodem/Charles Pooler)
<u>HCP/Habitat Issues Comm.</u>	Mayor David Pendergrass/Todd Kruper (Staff: Todd Bodem/Charles Pooler)

### D. APPOINTMENTS TO ADVISORY COMMITTEES - Year 2016

#### DESIGN REVIEW COMMITTEE (2-year appointment)

Andy Briant (term expires January 2017), Sand City business owner  
Todd Kruper (appointed by Council 04/04/06), Sand City business owner (term exp. January 2016)  
Charles Lindberg (term expires January 2016), retired Sand City business owner  
Paul Davis Jr. (term expires January 2016), architect  
Greg Hawthorne (appt. by Council 10/21/14), Sand City business owner (term exp. January 2017)  
Primary Staff: (Todd Bodem & Charles Pooler)

## SAND CITY REPRESENTATIVES LIST

### **ARTS COMMITTEE** (Annual appointments - Term Expires January 2016)

Craig Hubler, Sand City resident, council member, local artist (Chair)

Maya Freedman, Sand City Resident

Vacant

Holly Temple, Business Owner

Keirstyn Berlin, Local Artist

Primary Staff: (Todd Bodem/Linda Scholink)

### **CITY PARKING STUDY COMMITTEE**

Todd Kruper, Council member

Terry Ream, Businessman/Property Owner

David Spralting, Property Owner

(Primary Staff: Todd Bodem, Chief Ferrante, Charles Pooler)

New Member (Pending Appointment)

### **WEST END OVERSIGHT COMMITTEE**

VACANT, Council Member

Todd Bodem, City Administrator

Linda Scholink, Director of Administrative Services

Brian Ferrante, Police Chief

Harvey Drone, Public Works Foreman

**Update: 11/24/15**



**AGENDA ITEM**

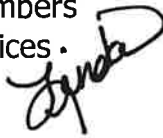
**5E**

**INTER**

# MEMORANDUM

**OFFICE**

**To:** City Council/Agency Board Members  
**From:** Director of Administrative Services  
**Subject:** Financial Reports  
**Date:** November 23, 2015



Attached are the financial reports for both the City of Sand City and the Sand City Successor Agency for the former Redevelopment Agency for the month of October 2015.

**A. City of Sand City Reports**

1. Balance Sheet Report for October 2015.
2. Revenue received in the month of October 2015-Total \$ 375,726.31  
(This total includes no transfers).  
Month End Cash Register Activity Report for October 2015.
3. Expenditures paid for in the month of October 2015-Total \$ 290,127.44  
Month End October 2015 Accounts Payable Report  
This shows all City Expenditures (excluding employee payroll)  
The Payroll figure listed below includes the Councils stipends.  
Payroll \$ 128,768.65  
Payroll taxes \$ 36,704.27
4. Current City Balances as of October 30, 2015  
Total \$ 4,923,553.39 - restricted & unrestricted  
(Includes, Rabobank Bank and Local Agency Investment Fund, (LAIF).
5. The City also has \$992,000 in CD's ranging from 6 months to 3 years.

**B. Sand City Successor Agency for the former Redevelopment Agency Reports**

1. Balance Sheet Report for October 2015
2. Revenue received in the month of October-Total \$165.07  
Month End Cash Register Activity Report for October 2015
3. Expenditures paid for in the month of October - \$ 600,966.80  
Month End Accounts Payable Activity Report for October 2015.

4. Current Successor Agency Balances October 31, 2015  
 Total \$ 1,267,984.54 - restricted and unrestricted (Includes Rabobank and Bond CD's).
- ☉ In addition to the City and Successor Agency balances, there is a total of
  - ☉ \$ 824,637.48 being held in reserve for the 2008 Tax and Tax Exempt bonds.

## **NOTES TO THE FINANCIAL REPORT**

### **Special City Notes for October 2015**

On the Month End Cash Register Activity Report - Special or Major Receipts for the Month of October 2015 are listed below.

<b><u>Date</u></b>	<b><u>Receipt #</u></b>	<b><u>Source</u></b>	<b><u>Amount</u></b>	<b><u>Description</u></b>
10/08/15	18982	P.G.&E.	\$ 13,222.31	August Utility Users tax
10/14/15	18997	County of Monterey	\$ 8,333.33	COPS grant
10/21/15	19027	Beebe Diversified	\$ 2,500.00	Encroachment permit Redwood/Hickory
10/26/15	19032	State of California	\$ 124,300.00	Sales tax received
10/26/15	19033	State of California	\$ 152,700.00	Transaction tax
10/30/15	19049	Successor Agency	\$ 40,451.27	1 <sup>st</sup> Quarter Admin expense

### **Transfers**

**(Transfers are shown on the cash register activity report; they are transfers from one bank account to another and should not be considered as a revenue or expenditure)**

<b><u>Date</u></b>	<b><u>Receipt #</u></b>	<b><u>Source</u></b>	<b><u>Amount</u></b>	<b><u>Description</u></b>
There were no transfers this month				

Month End Cash Disbursement Report - Special or Major Expenses for the Month of October 2015 are explained below.

<b><u>Check #</u></b>	<b><u>Paid To</u></b>	<b><u>Amount</u></b>	<b><u>Description</u></b>
28655	John Ley's Tree Service	\$ 1,500.00	Trim 3 trees at City Entrance
28694	City of Marina	\$ 3,000.00	FY 15-16 SRU contribution-Police
28703	Monterey County Health	\$ 2,000.00	FY 15-16 Retainer SART- Police
28715	Tracnet	\$ 9,120.03	FY 15-16 Computer Maint.- Police
28720	Best, Best & Krieger	\$80,608.22	Sept. Potential Mitigation
28722	Creegan & D'Angelo	\$28,825.00	Sept contract services
28723	EMC Planning	\$10,790.33	Housing, Website, Planning
28726	Hayashi & Wayland	\$20,545.00	September Audit services
28728	Innerspace Engineering	\$ 1,946.14	10 Lockers for Police
28730	Monterey County	\$ 3,623.76	2 <sup>nd</sup> quarter, Criminal Justice

### **Successor Agency Notes for October 2015**

On the Month End Cash Register Activity Report - Special or Major Receipts for the Month of October 2015 are listed below. There were no special receipts this month.

<b><u>Date</u></b>	<b><u>Receipt #</u></b>	<b><u>Source</u></b>	<b><u>Amount</u></b>	<b><u>Description</u></b>
--------------------	-------------------------	----------------------	----------------------	---------------------------

### **Transfers**

There were no transfers this month.

**Date**      **Receipt #**    **Source**                      **Amount**                      **Description**  
 Month End Cash Disbursement Report-Special or Major Expense for the Month of October 2015 is explained below. There were no special or major expenses this month.

<b><u>Check #</u></b>	<b><u>Paid To</u></b>	<b><u>Amount</u></b>	<b><u>Description</u></b>
2067	US Bank	\$382,390.46	2008A Nov. Bond payment
2068	US Bank	\$177,673.10	2008B Nov. Bond payment
2070	City of Sand City	\$ 40,451.27	1 <sup>st</sup> quarter 15-16 admin exp

If you have any questions or concerns regarding the above reports, please let me know before the Council meeting.

Word/td/financials/2015October

# City of Sand City

REPORT.: 11/20/15  
 RUN....: 11/20/15  
 Run By.: LINDA

City of Sand City  
 Balance Sheet Report  
 ALL FUND(S)

PAGE: 001  
 ID #: GLBS  
 CTL.: SAN

Ending Calendar Date.: October 31, 2015

Fiscal (04-16)

Assets			Acct ID
-----			
Cash Clearing Checking Account	131,519.02	99	1001
General Fund CITY- OPEB POTENTIAL FUNDING	1,141,465.31	10	1004
General Fund Tioga Beach Clean Up Fund	120,000.00	10	1007
General Fund LAIF	3,366,021.53	10	1008
General Fund Fair market value adjustments	1,012.00	10	1009
General Fund Investment CD	164,547.53	10	1020
General Fund Sallie Mae Bank CD 6 months	249,000.00	10	1080
General Fund Apple Bank CD 1 Year	248,000.00	10	1081
General Fund Compass Bank Cd -2 Year	248,000.00	10	1082
General Fund Capital One Bank CD 3 Year	247,000.00	10	1083
General Fund Cash Balance	106,361.02	10	1099
Gas Tax - 2105 Cash Balance	22,044.24	31	1099
Traffic Safety Cash Balance	3,113.64	35	1099
Cash Clearing Cash Balance	-131,519.02	99	1099
Gas Tax - 2105 Accounts Receivable	432.38	31	1101
General Fund PROPERTY TAX RECEIVABLE	3,468.69	10	1103
General Fund SERAF RECEIVABLE	685,052.00	10	1112
General Fund Sales Tax Receivable	131,267.79	10	1115
General Fund TRANSACTION TAX RECEIVABLE	16,660.12	10	1116
General Fund Due From RA/Operating Expenses	3,626,057.91	10	1130
General Fund Due From AAgency/Costco/Seaside	4,649,999.99	10	1140
General Fund Due RA/COP reimbursement	1,454,766.42	10	1145
Gen. Fixed Asst BIKE TRAIL INTERCONNECT-TIOGA	53,556.91	60	1273
General LTD Act AMOUNT PROVIDED FOR LTD	2,430,215.49	70	1280
Gen. Fixed Asst Land	1,005,871.95	60	1290
Gen. Fixed Asst Land Improvements	454,007.19	60	1291
Gen. Fixed Asst VEHICLE FIXED ASSET	501,731.28	60	1292
Gen. Fixed Asst Furniture and Fixtures	114,513.83	60	1293
Gen. Fixed Asst Buildings	8,477,897.16	60	1295
Gen. Fixed Asst FIXED ASSETS EQUIPMENT	2,359,774.30	60	1297
Gen. Fixed Asst CITY HALL	172,866.41	60	1298
Gen. Fixed Asst INFRASTRUCTURE- streets	4,470,508.45	60	1299
Gen. Fixed Asst ACCUMULATED DEPRECIATION	-5,643,640.60	60	1300
	-----		
Total of Assets ---->	30,881,572.94		30,881,572.94
			=====

Liabilities			Acct ID
-----			
General Fund STRONG MOTION	12.04	10	2010
General Fund SB1473-COUNTY PERMIT ASSESSMEN	3.00	10	2012
General LTD Act Compensated Absences	522,086.55	70	2020
General LTD Act NET OPEB OBLIGATION	2,934,044.00	70	2025



REPORT.: 11/20/15  
 RUN....: 11/20/15  
 Run By.: LINDA

City of Sand City  
 Balance Sheet Report  
 ALL FUND(S)

PAGE: 002  
 ID #: GLBS  
 CTL.: SAN

Ending Calendar Date.: October 31, 2015      Fiscal (04-16)

Liabilities

Acct ID

General Fund DEFERRED REVENUE	46,929.39	10	2050
General Fund DEFERRED REVENUE RDA COP REIMB	774,766.42	10	2056
General Fund BUNGALOW'S DEPOSIT EAST DUNES	15,700.00	10	2058
General LTD Act capital lease-2 fords f350's	29,315.48	70	2070
General Fund State Mandated CASP Fee	6.90	10	2115
General Fund Health Insurance	22,138.71	10	2150
General Fund Dental/Vision	72.04	10	2160
General Fund POLICE ASSOC. DUES	315.00	10	2180
General Fund PEPRA RETIREMENT %	2,022.36	10	2191
General Fund AFLAC PRE TAX	341.97	10	2195
General Fund AFLAX-AFTER TAX	-124.90	10	2196
General Fund PERS SURVIVOR BENEFIT	38.00	10	2197

Total of Liabilities ----> 4,347,666.96

FUND Balances

Acct ID

General Fund Unappropriated Fund Balance	16,308,589.51	10	3400
Tax - 2105 Unappropriated Fund Balance	18,259.53	31	3400
Traffic Safety Unappropriated Fund Balance	2,757.97	35	3400
Gen. Fixed Asst Unappropriated Fund Balance	-1,292,921.97	60	3400
General LTD Act Unappropriated Fund Balance	-1,055,230.54	70	3400
Gen. Fixed Asst Investment in Fixed Assets	12,901,285.50	60	3600
Gen. Fixed Asst CAPITAL LEASE	93,236.30	60	3601
Gen. Fixed Asst Donated Assets	430,000.00	60	3602
CURRENT EARNINGS	-872,070.32		

Total of FUND Balances ----> 26,533,905.98      30,881,572.94

Reg	Period	Date	Receipt	T	Opr	ID No	Description	G/L Posting	Amt Paid
000	10-15	10/01/15	18975	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6636 Receipt Date: 10/01/15 ANNA NGUYEN Issued..: T0 (DEVON ) Oct 01 2015 02:30 pm Devon	Lazzarino Db: 99 1001 Cr: 10 4221 08	40.00
			18976	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6595 Receipt Date: 10/01/15 Paid by: VISIONS DESIGN CENTER Issued..: T0 (DEVON ) Oct 01 2015 02:30 pm Devon	Lazzarino Db: 99 1001 Cr: 10 4221 08	100.00
			18977	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6569 Receipt Date: 10/01/15 Paid by: DICK POE IMPORTS Issued..: T0 (DEVON ) Oct 01 2015 02:30 pm Devon	Lazzarino Db: 99 1001 Cr: 10 4221 08	40.00
			18978	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6628 Receipt Date: 10/01/15 Paid by: MARCO LUNA Issued..: T0 (DEVON ) Oct 01 2015 02:31 pm Devon	Lazzarino Db: 99 1001 Cr: 10 4221 08	40.00
			18979	C	Mis	PAR02	SAND CITY PARKING Receipt Date: 10/01/15 Paid by: FELICIA LUNA Issued..: T0 (DEVON ) Oct 01 2015 02:31 pm Devon	Lazzarino Db: 99 1001 Cr: 10 4221 08	40.00
			18980	C	Mis	WT01	BUSINESS LICENSE FY 15-16 BUSINESS LICENSE RENEWAL Receipt Date: 10/01/15	Lazzarino Db: 99 1001 Cr: 10 4055 00	150.00
				Mis	WT02	BUSINESS LIC LATE CH FY 15-16 BUSINESS LICENSE RENEWAL Receipt Date: 10/01/15	Lazzarino Db: 99 1001 Cr: 10 4060 00	37.50	
				Mis	CAS70	BUSINESS LICENSE CASP FEE 70% FY 15-16 BUSINESS LICENSE RENEWAL Receipt Date: 10/01/15	Lazzarino Db: 99 1001 Cr: 10 4033 00	.70	
				Mis	CAS30	BUSINESS LICENSE CASP FEE 30% FY 15-16 BUSINESS LICENSE RENEWAL Receipt Date: 10/01/15	Lazzarino Db: 99 1001 Cr: 10 2115	.30	
			18981	C	Mis	REN01	Issued..: T0 (DEVON ) Oct 01 2015 02:32 pm Devon RENTAL INCOME OCTOBER 2015 CELL TOWER RENT Receipt Date: 10/01/15 Paid by: CROWN CASTLE	Lazzarino Db: 99 1001 Cr: 10 4740 00	1246.35
			18982	C	Mis	UUT	Issued..: T0 (DEVON ) Oct 01 2015 02:32 pm Devon UTILITY USERS TAX AUGUST 2015 UUT Receipt Date: 10/01/15 Paid by: P.G. & E.	Lazzarino Db: 99 1001 Cr: 10 4025 00	13222.31
							Issued..: T0 (DEVON ) Oct 01 2015 02:32 pm Devon	Lazzarino Day 10/01/15 Total ---->	14917.16
	10/08/15		19059	E	Mis	MS	DEPARTMENT OF JUSTICE BULLETPROOF VEST - DUCOEUR Receipt Date: 10/08/15	Lazzarino Db: 99 1001 Cr: 10 4647 08	433.77
				Mis	MS		DEPARTMENT OF JUSTICE BULLETPROOF VEST - FERRANTE Receipt Date: 10/08/15 Paid by: DEPARTMENT OF JUSTICE Issued..: T0 (DEVON ) Oct 08 2015 09:00 am Devon	Lazzarino Db: 99 1001 Cr: 10 4647 08 Day 10/08/15 Total ---->	433.77 867.54
	10/14/15		18985	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6652 Receipt Date: 10/14/15 Paid by: UNKNOWN DRIVER Issued..: T0 (DEVON ) Oct 14 2015 02:18 pm Devon	Lazzarino Db: 99 1001 Cr: 10 4221 08	40.00
			18986	C	Mis	POL01	POLICE REPORT 4560 POLICE REPORT #SA1500309 Receipt Date: 10/14/15 Paid by: HILARIA JARA Issued..: T0 (DEVON ) Oct 14 2015 02:18 pm Devon	Lazzarino Db: 99 1001 Cr: 10 4560 08	10.00
			18987	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6431 Receipt Date: 10/14/15 Paid by: JOSE HERNANDEZ Issued..: T0 (DEVON ) Oct 14 2015 02:20 pm Devon	Lazzarino Db: 99 1001 Cr: 10 4221 08	75.00
			18988	C	Mis	REIMB	REIMBURSEMENTS REIMBURSE JULY 2015 CELL PHONE OVERAGE Receipt Date: 10/14/15 Paid by: CRAIG HUBLER Issued..: T0 (DEVON ) Oct 14 2015 02:20 pm Devon	Lazzarino Db: 99 1001 Cr: 10 4732 00	50.00
			18989	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6755 Receipt Date: 10/14/15 Paid by: ALEJANDRA MARAVILLA Issued..: T0 (DEVON ) Oct 14 2015 02:21 pm Devon	Lazzarino Db: 99 1001 Cr: 10 4221 08	40.00
			18990	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6479 Receipt Date: 10/14/15 Paid by: ANTONIO CARRENO Issued..: T0 (DEVON ) Oct 14 2015 02:21 pm Devon	Lazzarino Db: 99 1001 Cr: 10 4221 08	40.00

Reg	Period	Date	Receipt	T	Opr	ID No	Description	G/L Posting	Amt Paid
000	10-15	10/14/15	18991	C	Mis	POL01	POLICE REPORT 4560 POLICE REPORT #SA1500318 Receipt Date: 10/14/15 Paid by: JON KITAHARA Issued..: T0 (DEVON ) Oct 14 2015 02:21 pm Devon Lazzarino	Db: 99 1001	10.00
			18992	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6639 Receipt Date: 10/14/15 Paid by: ANTONIO NAVARRO Issued..: T0 (DEVON ) Oct 14 2015 02:21 pm Devon Lazzarino	Db: 99 1001	40.00
			18993	C	Mis	WT01	BUSINESS LICENSE FY 15-16 BUSINESS LICENSE RENEWAL Receipt Date: 10/14/15	Cr: 10 4055 00	
				Mis	CAS70	BUSINESS LICENSE CASP FEE 70% FY 15-16 BUSINESS LICENSE RENEWAL Receipt Date: 10/14/15	Db: 99 1001		.70
				Mis	CAS30	BUSINESS LICENSE CASP FEE 30% FY 15-16 BUSINESS LICENSE RENEWAL Receipt Date: 10/14/15	Db: 99 1001		.30
			18994	C	Mis	UUT	UTILITY USERS TAX AUGUST 2015 UUT - ELECTRIC Receipt Date: 10/14/15 Paid by: CONSTELLATION NEW ENERGY Issued..: T0 (DEVON ) Oct 14 2015 02:22 pm Devon Lazzarino	Db: 99 1001	62.99
			18995	C	Mis	UUT	UTILITY USERS TAX AUGUST 2015 UUT - GAS Receipt Date: 10/14/15 Paid by: CONSTELLATION NEW ENERGY Issued..: T0 (DEVON ) Oct 14 2015 02:23 pm Devon Lazzarino	Db: 99 1001	16.27
			18996	C	Mis	WT01	BUSINESS LICENSE NEW BUSINESS LICENSE Receipt Date: 10/14/15	Cr: 10 4055 00	
				Mis	CAS70	BUSINESS LICENSE CASP FEE 70% NEW BUSINESS LICENSE Receipt Date: 10/14/15	Db: 99 1001		.70
				Mis	CAS30	BUSINESS LICENSE CASP FEE 30% NEW BUSINESS LICENSE Receipt Date: 10/14/15	Db: 99 1001		.30
			18997	C	Mis	CLEEP	Issued..: T0 (DEVON ) Oct 14 2015 02:23 pm Devon Lazzarino CLEEP GRANT AUGUST 2015 COPS GRANT Receipt Date: 10/14/15 Paid by: COUNTY OF MONTEREY	Db: 99 1001	8333.33
			18998	C	Mis	MS	Issued..: T0 (DEVON ) Oct 14 2015 02:24 pm Devon Lazzarino STATE OF CALIFORNIA MANDATED COST INTEREST - OPEN MEETING BROWN ACT Receipt Date: 10/14/15 Paid by: STATE OF CALIFORNIA	Db: 99 1001	2506.00
			18999	C	Mis	MS	Issued..: T0 (DEVON ) Oct 14 2015 02:24 pm Devon Lazzarino STATE OF CALIFORNIA MANDATED COST INTEREST - LAW ENFORCEMENT SEX HARS Receipt Date: 10/14/15 Paid by: STATE OF CALIFORNIA	Db: 99 1001	366.00
			19000	C	Mis	MS	Issued..: T0 (DEVON ) Oct 14 2015 02:25 pm Devon Lazzarino STATE OF CALIFORNIA MANDATED COST INTEREST - INVESTMENT REPORTS Receipt Date: 10/14/15 Paid by: STATE OF CALIFORNIA	Db: 99 1001	855.00
			19001	C	Mis	MS	Issued..: T0 (DEVON ) Oct 14 2015 02:25 pm Devon Lazzarino STATE OF CALIFORNIA MANDATED COST INTEREST - MAND REIM PROC Receipt Date: 10/14/15 Paid by: STATE OF CALIFORNIA	Db: 99 1001	1527.00
			19002	C	Mis	UUT	Issued..: T0 (DEVON ) Oct 14 2015 02:26 pm Devon Lazzarino UTILITY USERS TAX SEPTEMBER 2015 UUT - GAS Receipt Date: 10/14/15 Paid by: VISTA ENERGY	Db: 99 1001	.97
			19003	C	Mis	WT01	Issued..: T0 (DEVON ) Oct 14 2015 02:26 pm Devon Lazzarino BUSINESS LICENSE NEW BUSINESS LICENSE Receipt Date: 10/14/15	Db: 99 1001	420.00
				Mis	CAS70	BUSINESS LICENSE CASP FEE 70% NEW BUSINESS LICENSE Receipt Date: 10/14/15	Db: 99 1001		.70
				Mis	CAS30	BUSINESS LICENSE CASP FEE 30% NEW BUSINESS LICENSE Receipt Date: 10/14/15	Db: 99 1001		.30
			19004	C	Mis	TAX05	Issued..: T0 (DEVON ) Oct 14 2015 02:26 pm Devon Lazzarino GAS TAX 2103 SEPTEMBER 2015 HIGHWAY USERS TAX Receipt Date: 10/14/15	Db: 99 1001	36.68
				Mis	TAX01	GAS TAX - 2105 31 SEPTEMBER 2015 HIGHWAY USERS TAX Receipt Date: 10/14/15	Cr: 31 4305 11 Db: 99 1001		183.08

Reg Period	Date	Receipt	T Opr ID No	Description	G/L Posting	Amt Paid
000	10-15	10/14/15	19004 C	Mis TAX02 GAS TAX - 2106 32 SEPTEMBER 2015 HIGHWAY USERS TAX Receipt Date: 10/14/15	Db: 99 1001	473.14
				Mis TAX03 GAS TAX - 2107 33 SEPTEMBER 2015 HIGHWAY USERS TAX Receipt Date: 10/14/15 Paid by: STATE OF CALIFORNIA	Cr: 31 4305 11 Db: 99 1001	253.58
			19005 C	Mis TRA01 TRAFFIC SAFETY FUND AUGUST 2015 TRAFFIC Receipt Date: 10/14/15	Db: 99 1001	26.41
				Mis RL01 COUNTY/ RED LIGHT AUGUST 2015 TRAFFIC Receipt Date: 10/14/15	Cr: 35 4205 11 Db: 99 1001	11.67
				Mis REV HEALTH & SAFETY AUGUST 2015 TRAFFIC Receipt Date: 10/14/15	Cr: 35 4205 11 Db: 99 1001	4.71
				Mis VC COUNTY/VC AUGUST 2015 TRAFFIC Receipt Date: 10/14/15	Cr: 10 4210 08 Db: 99 1001	123.08
				Mis VCCR COUNTY/VC/CR AUGUST 2015 TRAFFIC Receipt Date: 10/14/15	Cr: 35 4205 11 Db: 99 1001	10.63
				Mis POC01 COUNTY/PROOF OF CORR AUGUST 2015 TRAFFIC Receipt Date: 10/14/15	Cr: 35 4205 11 Db: 99 1001	11.03
				Mis PTT01 COUNTY/PROPERTY TAX AUGUST 2015 TRAFFIC Receipt Date: 10/14/15	Cr: 35 4205 11 Db: 99 1001	214.50
				Mis HTP01 1/2 TAX POLICE/PROP 172 AUGUST 2015 TRAFFIC Receipt Date: 10/14/15	Cr: 10 4020 00 Db: 99 1001	23.01
				Mis REV COUNTY/REV & RECOVERY AUGUST 2015 TRAFFIC Receipt Date: 10/14/15 Paid by: COUNTY OF MONTEREY Issued..: T0 (DEVON ) Oct 14 2015 02:28 pm Devon Lazzarino	Cr: 10 4330 08 Db: 99 1001 Cr: 10 4210 08	157.23
				Day 10/14/15 Total ---->		24918.55
10/15/15	19058 C	Mis EFT20		LAIF - INTEREST 1ST QUARTER 15-16 INTEREST Receipt Date: 10/15/15 Paid by: LAIF Issued..: T0 (DEVON ) Oct 15 2015 11:12 am Devon Lazzarino	Db: 10 1008 Cr: 10 4420 00	3511.13
				Day 10/15/15 Total ---->		3511.13
10/21/15	19007 C	Mis POL01		POLICE REPORT 4560 POLICE REPORT #SG1500250 Receipt Date: 10/21/15 Paid by: LYNN KURTEFF Issued..: T0 (DEVON ) Oct 21 2015 10:56 am Devon Lazzarino	Db: 99 1001 Cr: 10 4560 08	10.00
	19008 C	Mis POL01		POLICE REPORT 4560 POLICE REPORT #SG100334 Receipt Date: 10/21/15 Paid by: JULIE ALVARADO Issued..: T0 (DEVON ) Oct 21 2015 10:57 am Devon Lazzarino	Db: 99 1001 Cr: 10 4560 08	10.00
	19009 C	Mis POL01		POLICE REPORT 4560 POLICE REPORT #1500317 Receipt Date: 10/21/15 Paid by: CHARLES HUTSEN Issued..: T0 (DEVON ) Oct 21 2015 10:57 am Devon Lazzarino	Db: 99 1001 Cr: 10 4560 08	10.00
	19010 C	Mis PAR02		SAND CITY PARKING PARKING VIOLATION #6703 Receipt Date: 10/21/15 Paid by: AZALIA SUMANO Issued..: T0 (DEVON ) Oct 21 2015 10:57 am Devon Lazzarino	Db: 99 1001 Cr: 10 4221 08	300.00
	19011 C	Mis PAR02		SAND CITY PARKING PARKING VIOLATION #6566 Receipt Date: 10/21/15 Paid by: SIDNEY JORDAN Issued..: T0 (DEVON ) Oct 21 2015 10:58 am Devon Lazzarino	Db: 99 1001 Cr: 10 4221 08	40.00
	19012 C	Mis PAR02		SAND CITY PARKING PARKING VIOLATION #6551 Receipt Date: 10/21/15 Paid by: JOSHUA MORENO Issued..: T0 (DEVON ) Oct 21 2015 10:58 am Devon Lazzarino	Db: 99 1001 Cr: 10 4221 08	40.00
	19013 C	Mis PAR02		SAND CITY PARKING PARKING VIOLATION #5947 Receipt Date: 10/21/15 Paid by: SARAH CYRUS Issued..: T0 (DEVON ) Oct 21 2015 10:58 am Devon Lazzarino	Db: 99 1001 Cr: 10 4221 08	50.00
	19014 C	Mis PAR02		SAND CITY PARKING PARKING VIOLATION #6562 Receipt Date: 10/21/15 Paid by: RICHARD MORGIN Issued..: T0 (DEVON ) Oct 21 2015 10:58 am Devon Lazzarino	Db: 99 1001 Cr: 10 4221 08	40.00

Reg	Period	Date	Receipt	T	Opr	ID No	Description	G/L	Posting	Amt Paid
000	10-15	10/21/15	19015	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6701 Receipt Date: 10/21/15 Paid by: GABRIEL MEDINA Issued..: T0 (DEVON ) Oct 21 2015 10:59 am Devon Lazzarino	Db: 99	1001	40.00
			19016	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6704 Receipt Date: 10/21/15 Paid by: EISNER FAMILY TRUST Issued..: T0 (DEVON ) Oct 21 2015 10:59 am Devon Lazzarino	Db: 99	1001	40.00
			19017	C	Mis	POL01	POLICE REPORT 4560 POLICE REPORT #SA1500318 Receipt Date: 10/21/15 Paid by: LEXIS NEXIS Issued..: T0 (DEVON ) Oct 21 2015 10:59 am Devon Lazzarino	Db: 99	1001	10.00
			19018	C	Mis	WT01	BUSINESS LICENSE BUSINESS LICENSE - TARGET SOLAR PANELS Receipt Date: 10/21/15 Paid by: BRAATEN ELECTRIC Issued..: T0 (DEVON ) Oct 21 2015 11:00 am Devon Lazzarino	Db: 99	1001	334.80
				Mis	CAS70		BUSINESS LICENSE CASP FEE 70% BUSINESS LICENSE - TARGET SOLAR PANELS Receipt Date: 10/21/15	Cr: 10	4055 00	.70
				Mis	CAS30		BUSINESS LICENSE CASP FEE 30% BUSINESS LICENSE - TARGET SOLAR PANELS Receipt Date: 10/21/15	Cr: 10	4033 00	.30
			19019	C	Mis	UUT	UTILITY USERS TAX SEPTEMBER 2015 UUT Receipt Date: 10/21/15 Paid by: PILOT POWER GROUP Issued..: T0 (DEVON ) Oct 21 2015 11:00 am Devon Lazzarino	Db: 99	1001	562.42
			19020	C	Mis	UUT	UTILITY USERS TAX SEPTEMBER 2015 UUT - ELECTRIC Receipt Date: 10/21/15 Paid by: DIRECT ENERGY Issued..: T0 (DEVON ) Oct 21 2015 11:00 am Devon Lazzarino	Db: 99	1001	930.04
			19021	C	Mis	UUT	UTILITY USERS TAX SEPTEMBER 2015 UUT - GAS Receipt Date: 10/21/15 Paid by: GAS & POWER TECHNOLOGIES Issued..: T0 (DEVON ) Oct 21 2015 11:01 am Devon Lazzarino	Db: 99	1001	3.11
			19022	C	Mis	UUT	UTILITY USERS TAX SEPTEMBER 2015 UUT - GAS Receipt Date: 10/21/15 Paid by: SPARK ENERGY Issued..: T0 (DEVON ) Oct 21 2015 11:01 am Devon Lazzarino	Db: 99	1001	1.01
			19023	C	Mis	UUT	UTILITY USERS TAX SEPTEMBER 2015 UUT - GAS Receipt Date: 10/21/15 Paid by: NOBLE AMERICAS ENERGY Issued..: T0 (DEVON ) Oct 21 2015 11:01 am Devon Lazzarino	Db: 99	1001	12.18
			19024	C	Mis	UUT	UTILITY USERS TAX SEPTEMBER 2015 UUT - GAS Receipt Date: 10/21/15 Paid by: TIGER NATURAL GAS Issued..: T0 (DEVON ) Oct 21 2015 11:02 am Devon Lazzarino	Db: 99	1001	24.20
			19025	C	Mis	WT01	BUSINESS LICENSE ONE TIME ONLY BUSINESS LICENSE - BUNGALOWS Receipt Date: 10/21/15 Paid by: JR FENCING Issued..: T0 (DEVON ) Oct 21 2015 11:02 am Devon Lazzarino	Db: 99	1001	150.00
				Mis	CAS70		BUSINESS LICENSE CASP FEE 70% ONE TIME ONLY BUSINESS LICENSE - BUNGALOWS Receipt Date: 10/21/15	Cr: 10	4055 00	.70
				Mis	CAS30		BUSINESS LICENSE CASP FEE 30% ONE TIME ONLY BUSINESS LICENSE - BUNGALOWS Receipt Date: 10/21/15	Cr: 10	4033 00	.30
			19026	C	Mis	MS	MBASIA FY 14-15 FITNESS/SAFETY GRANT BALANCE Receipt Date: 10/21/15 Paid by: MBASIA Issued..: T0 (DEVON ) Oct 21 2015 11:04 am Devon Lazzarino	Db: 99	1001	1334.00
			19027	C	Mis	MS	BEEBE DIVERSIFIED ENCROACHMENT PERMIT - REDWOOD & HICKORY Receipt Date: 10/21/15 Paid by: BEEBE DIVERSIFIED Issued..: T0 (DEVON ) Oct 21 2015 11:05 am Devon Lazzarino	Db: 99	1001	2500.00
			19028	C	Mis	MS	BEEBE DIVERSIFIED ENCROACHMENT PERMIT - REDWOOD & HICKORY Receipt Date: 10/21/15 Paid by: BEEBE DIVERSIFIED Issued..: T0 (DEVON ) Oct 21 2015 11:05 am Devon Lazzarino	Db: 99	1001	550.00
							Day 10/21/15 Total ---->			6993.76
	10/26/15		19029	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6449 Receipt Date: 10/26/15 Paid by: MOISES RUIZ Issued..: T0 (DEVON ) Nov 03 2015 10:05 am Devon Lazzarino	Db: 99	1001	75.00

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Reg	Period	Date	Receipt	T	Opr	ID No	Description	G/L	Posting	Amt Paid
000	10-15	10/26/15	19030	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6756 Receipt Date: 10/26/15 Paid by: ROSA PALACIOS Issued..: T0 (DEVON ) Oct 26 2015 10:24 am Devon Lazzarino	Db: 99	1001	40.00
			19031	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6444 Receipt Date: 10/26/15 Paid by: VICTOR VIRGEN Issued..: T0 (DEVON ) Oct 26 2015 10:24 am Devon Lazzarino	Db: 99	1001	40.00
			19032	C	Mis	STAX	SALES TAX RECEIVED AUGUST 2015 IN LIEU SALES TAX Receipt Date: 10/26/15 Paid by: STATE OF CALIFORNIA Issued..: T0 (DEVON ) Oct 26 2015 10:24 am Devon Lazzarino	Db: 99	1001	124300.00
			19033	C	Mis	TUT01	TRANSACTION/USE TAX AUGUST 2015 T/U TAX Receipt Date: 10/26/15 Paid by: STATE OF CALIFORNIA Issued..: T0 (DEVON ) Oct 26 2015 10:24 am Devon Lazzarino	Db: 99	1001	152700.00
			19034	C	Mis	REIMB	REIMBURSEMENTS REFUND POLICE CHIEF CONFERENCE TUITION - CANCEL Receipt Date: 10/26/15 Paid by: CALIF. POLICE CHIEFS ASSOCIATION Issued..: T0 (DEVON ) Oct 26 2015 10:25 am Devon Lazzarino	Db: 99	1001	551.00
			19035	C	Mis	WEST	WEST END REVENUE 2015 WEST END DONATION Receipt Date: 10/26/15 Paid by: THE INDEPENDENT Issued..: T0 (DEVON ) Oct 26 2015 10:25 am Devon Lazzarino	Db: 99	1001	4275.00
			19036	C	Mis	WT01	BUSINESS LICENSE FY 15-16 BUSINESS LICENSE RENEWAL Receipt Date: 10/26/15	Db: 99	1001	336.75
				Mis	WT02		BUSINESS LIC LATE CH FY 15-16 BUSINESS LICENSE RENEWAL Receipt Date: 10/26/15	Db: 99	1001	75.00
				Mis	CAS70		BUSINESS LICENSE CASP FEE 70% FY 15-16 BUSINESS LICENSE RENEWAL Receipt Date: 10/26/15	Db: 99	1001	.70
				Mis	CAS30		BUSINESS LICENSE CASP FEE 30% FY 15-16 BUSINESS LICENSE RENEWAL Receipt Date: 10/26/15	Db: 99	1001	.30
			19037	C	Mis	BUI01	BUILDING PERMIT 4115 BUILDING PERMIT/FEES FOR 915 PLAYA #B REPAIRS Receipt Date: 10/26/15	Db: 99	1001	97.25
				Mis	STR01		STRONG MOTION 2010 BUILDING PERMIT/FEES FOR 915 PLAYA #B REPAIRS Receipt Date: 10/26/15	Db: 99	1001	1.12
				Mis	CBSC		CBSC FEE - \$B1473 BUILDING PERMIT/FEES FOR 915 PLAYA #B REPAIRS Receipt Date: 10/26/15	Db: 99	1001	1.00
				Mis	WT01		BUSINESS LICENSE BUILDING PERMIT/FEES FOR 915 PLAYA #B REPAIRS Receipt Date: 10/26/15	Db: 99	1001	50.00
				Mis	CAS70		BUSINESS LICENSE CASP FEE 70% BUILDING PERMIT/FEES FOR 915 PLAYA #B REPAIRS Receipt Date: 10/26/15	Db: 99	1001	.70
				Mis	CAS30		BUSINESS LICENSE CASP FEE 30% BUILDING PERMIT/FEES FOR 915 PLAYA #B REPAIRS Receipt Date: 10/26/15	Db: 99	1001	.30
			19038	C	Mis	WT01	BUSINESS LICENSE NEW BUSINESS LICENSE Receipt Date: 10/26/15	Db: 99	1001	172.00
				Mis	CAS70		BUSINESS LICENSE CASP FEE 70% NEW BUSINESS LICENSE Receipt Date: 10/26/15	Db: 99	1001	.70
				Mis	CAS30		BUSINESS LICENSE CASP FEE 30% NEW BUSINESS LICENSE Receipt Date: 10/26/15	Db: 99	1001	.30
			19039	C	Mis	PAR03	PARKING PERMIT REVENUE FY 15-16 PARKING PERMIT Receipt Date: 10/26/15 Paid by: MONTEREY BAY MATTRESS Issued..: T0 (DEVON ) Oct 26 2015 10:27 am Devon Lazzarino	Db: 99	1001	200.00
							Day 10/26/15 Total ---->			282917.12
	10/30/15		19040	C	Mis	POL01	POLICE REPORT 4560 POLICE REPORT #SA1500339 Receipt Date: 10/30/15 Paid by: MONTEREY CREDIT UNION Issued..: T0 (DEVON ) Oct 30 2015 11:20 am Devon Lazzarino	Db: 99	1001	10.00

Reg	Period	Date	Receipt	T	Opr	ID No	Description	G/L	Posting	Amt Paid	
000	10-15	10/30/15	19041	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6168 Receipt Date: 10/30/15 Paid by: CARRIE CROUSE Issued..: T0 (DEVON ) Oct 30 2015 11:21 am Devon Lazzarino	Db: 99	1001	40.00	
			19042	C	Mis	PAR02	SAND CITY PARKING PARKING VIOLATION #6666 Receipt Date: 10/30/15 Paid by: JASON EMMETT Issued..: T0 (DEVON ) Oct 30 2015 11:21 am Devon Lazzarino	Db: 99	1001	75.00	
			19043	C	Mis	UUT	UTILITY USERS TAX SEPTEMBER 2015 UUT - GAS Receipt Date: 10/30/15 Paid by: CONSTELLATION ENERGY GAS Issued..: T0 (DEVON ) Oct 30 2015 11:21 am Devon Lazzarino	Db: 99	1001	14.82	
			19044	C	Mis	UUT	UTILITY USERS TAX SEPTEMBER 2015 UUT - ELECTRIC Receipt Date: 10/30/15 Paid by: CONSTELLATION NEW ENERGY Issued..: T0 (DEVON ) Oct 30 2015 11:21 am Devon Lazzarino	Db: 99	1001	57.16	
			19045	C	Mis	BUI01	BUILDING PERMIT 4115 PERMITS/FEES FOR 580/590 CALIFORNIA Receipt Date: 10/30/15	Db: 99	1001	663.83	
				Mis	STR01	STRONG MOTION 2010 PERMITS/FEES FOR 580/590 CALIFORNIA Receipt Date: 10/30/15	Cr: 10	4115	05	10.92	
				Mis	CBSC	CBSC FEE - SB1473 PERMITS/FEES FOR 580/590 CALIFORNIA Receipt Date: 10/30/15	Db: 99	1001		2.00	
				Mis	WT01	BUSINESS LICENSE PERMITS/FEES FOR 580/590 CALIFORNIA Receipt Date: 10/30/15	Db: 99	1001		50.00	
				Mis	CAS70	BUSINESS LICENSE CASP FEE 70% PERMITS/FEES FOR 580/590 CALIFORNIA Receipt Date: 10/30/15	Cr: 10	4055	00	.70	
				Mis	CAS30	BUSINESS LICENSE CASP FEE 30% PERMITS/FEES FOR 580/590 CALIFORNIA Receipt Date: 10/30/15	Db: 99	1001		.30	
			19046	C	Mis	WT02	Issued..: T0 (DEVON ) Oct 30 2015 11:23 am Devon Lazzarino BUSINESS LIC LATE CH FY 15-16 BUSINESS LICENSE LATE FEE BALANCE Receipt Date: 10/30/15 Paid by: RED DOOR GARDEN GALLERY	Db: 99	1001	13.75	
			19047	C	Mis	WT01	Issued..: T0 (DEVON ) Oct 30 2015 11:24 am Devon Lazzarino BUSINESS LICENSE FY 15-16 BUSINESS LICENSE BALANCE DUE Receipt Date: 10/30/15	Db: 99	1001	83.74	
				Mis	CAS70	BUSINESS LICENSE CASP FEE 70% FY 15-16 BUSINESS LICENSE BALANCE DUE Receipt Date: 10/30/15	Cr: 10	4055	00	.70	
				Mis	CAS30	BUSINESS LICENSE CASP FEE 30% FY 15-16 BUSINESS LICENSE BALANCE DUE Receipt Date: 10/30/15	Db: 99	1001		.30	
			19048	C	Mis	MS	Issued..: T0 (DEVON ) Oct 30 2015 11:24 am Devon Lazzarino A&R PLUMBING ENCROACHMENT PERMIT - 1676 CONTRA COSTA Receipt Date: 10/30/15 Paid by: A&R PLUMBING	Db: 99	1001	75.00	
			19049	C	Mis	MS	Issued..: T0 (DEVON ) Oct 30 2015 11:25 am Devon Lazzarino SUCCESSOR AGENCY 1ST QUARTER 15-16 ADMIN EXPENSE REIMBURSEMENT Receipt Date: 10/30/15 Paid by: SUCCESSOR AGENCY	Db: 99	1001	40451.27	
							Issued..: T0 (DEVON ) Oct 30 2015 11:25 am Devon Lazzarino	Day 10/30/15	Total	---->	41549.49
	10/31/15		19060	C	Mis	INT01	INTEREST IN CHECKING OCTOBER 2015 INTEREST Receipt Date: 10/31/15 Paid by: RABOBANK Issued..: T0 (DEVON ) Oct 31 2015 09:37 am Devon Lazzarino	Db: 99	1001	4.00	
			19062	C	Mis	OPEB	OPEB INTEREST OCTOBER 2015 INTEREST Receipt Date: 10/31/15 Paid by: RABOBANK Issued..: T0 (DEVON ) Oct 31 2015 09:43 am Devon Lazzarino	Db: 10	1004	47.56	
							Day 10/31/15	Total	---->	51.56	
							Period 10-15	Total	---->	375726.31	
							Register 000	Total	---->	375726.31	

Check Number	Vendor Name	Invoice Description	Check Date	Gross Check Amount
028642	DALE ALLEN	OCTOBER 2015 ACCRUAL CASH OUT	10/01/15	186.68
028645	CALIFORNIA LAW	OCTOBER 2015 POLICE LTD PREMIUMS	10/01/15	171.50
028646	CORBIN WILLIAMS SYSTEMS	OCTOBER 2015 TECH SUPPORT - MOM	10/01/15	219.35
028648	DEARBORN NATIONAL LIFE INSURAN	OCTOBER 2015 LIFE INSURANCE PREMIUMS	10/01/15	365.50
028648	GUARDIAN	OCTOBER 2015 DENTAL PREMIUMS	10/01/15	3817.37
028647	OHIO NATIONAL LIFE	OCTOBER 2015 LIFE INSURANCE PREMIUMS	10/01/15	105.08
028648	DAVID PENDERGRASS	OCTOBER 2015 PAYROLL	10/01/15	1513.37
028649	PITNEY BOWES	REPLENISH POSTAGE MACHINE	10/01/15	300.00
028650	SAND CITY POLICE OFFICERS	OCTOBER 2015 POA DUES	10/01/15	280.00
028651	MARY ANN WEEMS	FOR OCTOBER 2015	10/01/15	184.38
028652	ASSURANT EMPLOYEE BENEFIT	OCTOBER 2015 LTD PREMIUMS	10/06/15	610.53
028653	A.T. & T.	AUGUST 2015 POLICE CLETS PHONE LINE	10/06/15	65.33
028654	AVAYA, INC	SEPTEMBER 2015 TELEPHONE LEASE	10/06/15	245.85
028655	JOHN LEY'S TREE SERVICE	TRIM 3 TREES AT SOUTH CITY ENTRANCE SIGN	10/06/15	1500.00
028656	NAPA AUTO PARTS	LENS COVER FOR P/W UTILITY TRUCK	10/06/15	9.05
028657	SUNDIAL EDITIONS	2016 APPOINTMENT BOOKS FOR LINDA & CONNIE	10/06/15	75.87
28642B	ADP, INC	P/R PROCESSING CHARGES FOR PERIOD ENDING 9/30/15	10/09/15	250.51
28642A	PERS - MEDICAL	OCTOBER 2015 PERS HEALTH PREMIUMS	10/10/15	15336.21
028658	RABOBANK VISA CARD	ALLEN BBQ/CITY BBQ/LOCC EXPENSES	10/13/15	2329.40
028659	RABOBANK VISA CARD	LUNCH FOR POLICE OFFICER CANDIDATE INTERVIEWS	10/13/15	73.60
028660	AFLAC	SEPTEMBER 2015 AFLAC PREMIUMS	10/13/15	1085.33
028661	AMERICAN LOCK & KEY	RE-KEY CITY HALL AND POLICE DEPARTMENT	10/13/15	474.06
028661	AMERICAN LOCK & KEY	RE-KEY CORP YARD	10/13/15	140.00
028662	AT&T	SEPTEMBER 2015 POLICE OUTSIDE PHONE LINE	10/13/15	109.02
028663	CAL-AM WATER	SEPTEMBER 2015 WATER BILL - 1 SYLVAN	10/13/15	133.58
028663	CAL-AM WATER	SEPTEMBER 2015 WATER BILL - 320 ELDER	10/13/15	25.45
028664	CANON SOLUTIONS AMERICA, INC.	AUGUST 2015 COPY MACHINE USAGE	10/13/15	567.90
028665	CHIEF SUPPLY	LATEX GLOVES/FLASHLIGHT BATTERIES FOR POLICE	10/13/15	161.64
028666	MONTEREY COUNTY WEEKLY	SEPTEMBER 2015 CO-OP ADVERTISING	10/13/15	1076.00
028667	COMCAST	OCTOBER 2015 POLICE INTERNET	10/13/15	148.97
028668	HSBC BUSINESS SOLUTIONS	SEPTEMBER 2015 SUPPLIES	10/13/15	1540.90
028669	HARVEY DRONE	REIMBURSE FOR PHYSICAL EXAM FOR CLASS B LICENSE	10/13/15	75.00
028670	VITO GRAZIANO	OCTOBER 2015 ACCRUAL CASH OUT	10/13/15	6659.54
028671	GRANDFLOW	2,000 CHECKS FOR CITY CHECKING ACCOUNT	10/13/15	420.52
028672	FRED D. HARDEE	BACKGROUND FOR NEW POLICE OFFICER CANDIDATE	10/13/15	1640.00
028673	HEISINGER BUCK AND MORRIS	AUGUST/SEPTEMBER 2015 REIMBURSABLE ATTORNEY COSTS	10/13/15	117.80
028674	THE HERALD	SEPTEMBER 2015 LEGAL ADVERTISING	10/13/15	300.88
028675	HOME DEPOT CREDIT SERVICE	SEPTEMBER 2015 SUPPLIES	10/13/15	271.85
028676	HOMEWOOD SUITES BY HILTON	HOTEL FOR CALED CONFERENCE - TODD BODEM	10/13/15	306.54
028677	FREDERICK MENEZES III	FY 15-16 VISION EXPENSE REIMBURSEMENT	10/13/15	200.00
028678	MISSION UNIFORM SERV. INC	SEPTEMBER 2015 LAUNDRY SERVICE	10/13/15	751.30
028679	CITY OF MONTEREY	AUGUST 2015 BUILDING INSPECTIONS	10/13/15	162.00
028680	MONTEREY TIRE SERVICE, INC	FLAR REPAIR FOR POLICE UNIT 91	10/13/15	20.72
028680	MONTEREY TIRE SERVICE, INC	FLAT REPAIR FOR POLICE UNIT 94	10/13/15	25.72
028681	MONTEREY REGIONAL WATER	9/1/15 TO 10/31/15 SEWER BILL - 1 SYLVAN	10/13/15	81.56
028681	MONTEREY REGIONAL WATER	9/1/15 TO 10/31/15 SEWER BILL - 320 ELDER	10/13/15	40.78
028682	PACIFIC SMOG	SMOG INSPECTIONS FOR CITY VEHICLES	10/13/15	119.25
028683	PETTY CASH - TO BE CASHED BY	REPLENISH PETTY CASH	10/13/15	128.63
028684	RED SHIFT INTERNET SRVCS	OCTOBER 2015 CITY/POLICE DSL, WEB & EMAIL	10/13/15	93.89
028685	DAVID W. JANSEN	POLICE - MAINTENANCE ON ALL SYSTEMS	10/13/15	462.00
028685	DAVID W. JANSEN	POLICE - REMOVE DALE ALLEN FROM POLICE SYSTEMS	10/13/15	147.00
028685	DAVID W. JANSEN	POLICE - TONER FOR XEROX PHASER 8560	10/13/15	557.79
028686	SEASIDE FLORIST	GET WELL FLOWERS FOR BUSHNELL AND ESCOBAR	10/13/15	143.60
028687	SHRED IT- SAN JOSE	SEPTEMBER 18, 2015 SHREDDING SERVICE	10/13/15	69.75
028688	SMART & FINAL	SUPPLIES FOR CITY EVENTS	10/13/15	81.84
028689	RABOBANK VISA CARD	FILE CABINET/LOCKS	10/13/15	430.34
28642C	PUBLIC EMPLOYEES RET. SYS	SEPTEMBER 2015 PERS RETIREMENT CONTRIBUTIONS	10/15/15	36340.16
028690	JEFFREY M PARKER	OCTOBER 2015 FINAL ACCRUAL CASH OUT	10/16/15	6.88
028691	AT & T	SEPTEMBER 2015 POLICE TRACNET PHONE LINE	10/20/15	106.39
028692	AT&T	SEPTEMBER 2015 TELEPHONE BILLS	10/20/15	1479.55
028693	CALIFORNIA HIGHWAY	SEPTEMBER 2015 HIGHWAY CLEAN UP	10/20/15	295.00
028694	CITY OF MARINA	FY 15-16 SRU CONTRIBUTION	10/20/15	3000.00
028695	COMCAST	OCTOBER 2015 POLICE PHONE/PW PHONE AND INTERNET	10/20/15	203.38
028696	DEL REY OAKS CAR WASH	SEPTEMBER 2015 CAR WASHES FOR POLICE	10/20/15	182.00
028697	DEPARTMENT OF JUSTICE	SCREENING FOR POLICE OFFICER CANDIDATE - SEGOVIA	10/20/15	66.00
028698	DYNA CLEAN SERVICES	OCTOBER 11, 2015 OFFICE CLEANING	10/20/15	250.00
028699	FIRST ALARM SECURITY	11/1/15 TO 1/31/16 SECURITY SERVICE	10/20/15	743.13
028699	FIRST ALARM SECURITY	DELETE DALE ALLEN CODE FROM CITY HALL	10/20/15	35.00
028699	FIRST ALARM SECURITY	DELETE DALE ALLEN CODE FROM CORP YARD	10/20/15	35.00
028699	FIRST ALARM SECURITY	DELETE HARVEY DRONE CODE FROM POLICE LOCKER ROOM	10/20/15	35.00
028699	FIRST ALARM SECURITY	REPLACE LOW SYSTEM BATTERY	10/20/15	38.02
028700	HOPE SERVICES	SEPTEMBER 2015 CLEAN UP CREW	10/20/15	4187.15
028701	HARRIS CORPORATION PSPC	4 SHOULDER SPEAKER MICROPHONES FOR POLICE RADIOS	10/20/15	514.45
028702	FRED D. HARDEE	BACKGROUND INVESTIGATION FOR PASCONE	10/20/15	385.00
028703	MONTEREY COUNTY HEALTH	FY 15-16 RETAINER FOR SART	10/20/15	2000.00
028704	MCGRATH RENTCORP	OCTOBER 2015 POLICE LOCKER ROOM RENTAL	10/20/15	184.99
028705	CITY OF MONTEREY	OCTOBER 2015 STREET SWEEPING	10/20/15	2097.00
028706	MONTEREY COUNTY	AUGUST 2015 POLICE NETWORK ACCESS	10/20/15	105.00
028707	MRWMD	SEPTEMBER 2015 REFUSE CHARGES	10/20/15	309.58
028708	OFFICE DEPOT, INC.	SEPTEMBER 2015 SUPPLIES	10/20/15	1203.48
028709	PETTY CASH - TO BE CASHED BY	REPLENISH PETTY CASH	10/20/15	79.75



Date...: Nov 20, 2015  
 Time...: 8:11 am  
 Run by.: Linda Scholink

City of Sand City  
 OCTOBER 2015 ACCOUNTS PAYABLE

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 ID #: PYCPDP

Check Number	Vendor Name	Invoice Description	Check Date	Gross Check Amount
028710	PACIFIC GAS & ELECTRIC	SEPTEMBER 2015 UTILITY BILLS	10/20/15	2499.24
028711	DAVID W. JANSEN	CITY HALL SYSTEM'S MAINTENANCE	10/20/15	777.00
028712	STURDY OIL COMPANY	9/15/15 TO 9/30/15 FUEL COSTS	10/20/15	688.37
028713	SALINAS VALLEY PRO SQUAD	REPLACEMENT UNIFORM/BOOTS FOR BUSHNELL	10/20/15	310.84
028714	HOLLY TEMPLE	REIMBURSE ART COMMITTEE EXPENSES	10/20/15	179.58
028715	TRACNET	FY 15-16 ANNUAL COMPUTER MAINTENANCE	10/20/15	9120.03
028716	VERIZON WIRELESS	SEPTEMBER 2015 CELL PHONE BILLS	10/20/15	951.59
028717	RABOBANK VISA CARD	REGISTRATION FOR CITY CLERK SEMINAR - LINDA	10/20/15	450.00
028718	AMERICAN LOCK & KEY	UNLOCK AND RE-KEY CITY ADMIN OFFICE	10/27/15	50.00
028719	BALBOA CAPITAL	NOVEMBER 2015 WATER DISPENSER FOR OFFICE	10/27/15	65.12
028720	BEST BEST & KRIEGER	SEPTEMBER 2015 POTENTIAL LITIGATION - SEASIDE	10/27/15	80608.22
028721	COMCAST	OCTOBER 2015 CITY INTERNET/COUNCIL TV	10/27/15	81.72
028722	CREEGAN & D'ANGELO	SEPTEMBER 2015 ENGINEER SERVICES	10/27/15	28825.00
028723	EMC PLANNING GROUP, INC.	SEPTEMBER 2015 HOUSING ELEMENT UPDATE	10/27/15	4130.32
028723	EMC PLANNING GROUP, INC.	SEPTEMBER 2015 PLANNING SERVICES	10/27/15	3393.19
028723	EMC PLANNING GROUP, INC.	SEPTEMBER 2015 WEBSITE DEVELOPMENT	10/27/15	3266.82
028724	FASTENAL COMPANY	10 100-PACK SAND BAGS	10/27/15	504.67
028725	GUITARS NOT GUNS	2015 WEST END DONATION	10/27/15	6231.05
028726	HAYASHI & WAYLAND	SEPTEMBER 2015 AUDIT/MANAGEMENT SERVICES	10/27/15	20545.00
028727	HATCH MOTT MACDONALD GROUP, IN	SPEED SURVEY CONTRACT SERVICES	10/27/15	1402.60
028728	INNERSPACE ENGINEERING CORP.	10 LOCKERS FOR POLICE LOCKER ROOM	10/27/15	1946.14
028729	KELLY SERVICES, INC.	TEMP SERVICES FOR 10/5/15 TO 10/8/15	10/27/15	270.00
028730	MONTEREY COUNTY	2ND QUARTER 2015 CRIMINAL JUSTICE INFO SYSTEM	10/27/15	3623.76
028731	NAACP	FY 15-16 DONATION	10/27/15	100.00
028732	PETTY CASH - TO BE CASHED BY	REPLENISH PETTY CASH	10/27/15	43.29
028733	JUDY MADSEN	FY 15-16 DONATION	10/27/15	500.00
028734	VERONICA HARLAN	OCTOBER 2015 ACCRUAL CASH OUT	10/27/15	4357.22
028735	STURDY OIL COMPANY	10/1/15 TO 10/15/15 FUEL COSTS	10/27/15	656.81
028736	VERONICA HARLAN	OCTOBER 2015 ACCRUAL CASH OUT	10/28/15	4357.22
028737	CALPERS 457 PLAN	OCTOBER 2015 PERS 457 CONTRIBUTIONS	10/30/15	9900.00

Grn-Total:  
 Ttl-Count: 111

290127.44

# Successor Agency

REPORT.: 11/17/15  
RUN....: 11/17/15  
Run By.: LINDA

SUCCESSOR AGENCY  
Balance Sheet Report  
ALL FUND(S)

PAGE: 001  
ID #: GLBS  
CTL.: SUC

Ending Calendar Date.: October 31, 2015 Fiscal (04-16)

Assets			Acct ID
Debt Service Tax Increment Account	211,723.19	40	1005
Debt Service 2008 TAX EXEMPT CD #6998114883	525,468.64	40	1025
Debt Service 2008 TAX EXEMPT CD # 535671579	530,792.71	40	1026
Debt Service 2008A RESERVE ACCOUNT	9,304.99	40	1060
Debt Service Bank of Baroda- CD	200,000.00	40	1065
Debt Service Comenity Capital Bank- CD	245,000.00	40	1066
Debt Service Goldman Sachs-USA New York- CD	245,000.00	40	1067
Debt Service 2008B RESERVE ACCOUNT	5,331.48	40	1070
Debt Service 2008B Cost of Issuance	0.02	40	1071
Debt Service 2008B Debt Service Fund	0.99	40	1072
Debt Service GE-Capital Retail Bank-CD	120,000.00	40	1075
Debt Service Land	2,525,709.76	40	1291
Debt Service FURNITURE AND FIXTURES	40,218.25	40	1293
Debt Service SIGNS AND LANDSCAPING	182,630.99	40	1297
Debt Service ACCUMULATED DEPRECIATION	-208,817.54	40	1300
Total of Assets ---->	4,632,363.48		4,632,363.48

Liabilities			Acct ID
Debt Service REFUNDABLE FEES	1,455,000.00	40	2045
Debt Service GENERAL LT- ADVANCE COSTCO/SEA	4,650,000.00	40	2330
Debt Service LOAN PAYABLE-HOUSING	685,052.00	40	2452
Debt Service LT ADVANCES FOR OPERAT EXPENSE	3,626,057.91	40	2455
Debt Service ADVANCES COP REIMBURSEMENTS	1,454,766.42	40	2460
Debt Service SERIES A BONDS	5,540,000.00	40	2480
Debt Service SERIES B BONDS	1,405,000.00	40	2485
Debt Service ORIGINAL ISSUE DATE SERIES B	215,641.00	40	2487
Total of Liabilities ---->	19,031,517.33		

FUND Balances			Acct ID
Debt Service Unappropriated Fund Balance	-14,720,168.19	40	3400
CURRENT EARNINGS	321,014.34		
Total of FUND Balances ---->	-14,399,153.85		4,632,363.48

REPORT.: Nov 17 15 Tuesday  
 RUN....: 11/17/15 Time: 11:58  
 Run By.: Linda Scholink

SUCCESSOR AGENCY  
 Month End Cash Register Activity Report  
 For Period: 10-15

PAGE: 001  
 ID #: CH-AC  
 CTL.: SUC

Reg	Period	Date	Receipt	T	Opr	ID No	Description	G/L Posting	Amt Paid
000	10-15	10/31/15	00212	C	Mis	BND05	6 MONTH TAX EXEMPT BOND INTEREST OCTOBER 2015 INTEREST Receipt Date: 10/31/15 RABOBANK	Db: 40 1026 Cr: 40 4435 00	22.12
			00213	C	Mis	BND04	Issued..: T0 (DEVON ) Oct 31 2015 10:08 am Devon Lazzarino 3 MONTH TAX EXEMPT BOND INTEREST OCTOBER 2015 INTEREST Receipt Date: 10/31/15 Paid by: RABOBANK	Db: 40 1025 Cr: 40 4435 00	21.89
			00214	C	Mis	PRP01	Issued..: T0 (DEVON ) Oct 31 2015 10:10 am Devon Lazzarino PROPERTY TAX INCREMENT OCTOBER 2015 INTEREST Receipt Date: 10/31/15 Paid by: RABOBANK	Db: 40 1005 Cr: 40 4450 00	121.06
							Issued..: T0 (DEVON ) Oct 31 2015 10:16 am Devon Lazzarino		
							Day 10/31/15 Total ---->		165.07
							Period 10-15 Total ---->		165.07
							Register 000 Total ---->		165.07
							Total of All Registers ---->		165.07

REPORT.: Nov 17 15 Tuesday  
 RUN...: Nov 17 15 Time: 11:55  
 Run By.: Linda Scholink

SUCCESSOR AGENCY  
 Month End Cash Disbursements Report  
 Report for 10-15 BANK ACCOUNT 1005

PAGE: 001  
 ID #: PY-CD  
 CTL.: SUC

Period	Check Number	Check Date	Vendor # (Name)	Disc. Terms	Gross Amount	Disc Amount	Net Amount	Check Description
10 15	2063A	10/31/15	RAB01 (RABOBANK)		20.00	.00	20.00	OCTOBER 2015 MAINTENANCE
	002063	10/13/15	CAL01 (CAL AM WATER)		121.07	.00	121.07	SEPTEMBER 2015 WATER BILL
	002064	10/13/15	MRW01 (MONTEREY REGIONAL WATER POLL		15.30	.00	15.30	9/1/15 TO 10/31/15 SEWER
	002066	10/13/15	VIS01 (RABOBANK VISA)		48.85	.00	48.85	3 COMBINATION LOCKS FOR 5
	002067	10/20/15	USB01 (U.S. BANK)		382,390.46	.00	382,390.46	NOVEMBER 2015 2008A BOND
	002068	10/20/15	USB01 (U.S. BANK)		177,673.10	.00	177,673.10	NOVEMBER 2015 2008B BOND
	002069	10/23/15	HAY01 (HAYASHI & WAYLAND)		246.75	.00	246.75	SEPTEMBER 2015 MANAGEMENT
	002070	10/29/15	CIT01 (CITY OF SAND CITY)		40,451.27	.00	40,451.27	1ST QUARTER FY 15-16 ADMI
Total for Bank Account 1005 ----->					600,966.80	.00	600,966.80	
Grand Total of all Bank Accounts ----->					600,966.80	.00	600,966.80	

**AGENDA ITEM**

**8A**

# MEMO

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**To:** Honorable Mayor and City Council Members  
**From:** Todd Bodem, City Administrator  
**Date:** November 20, 2015  
**Subject:** Resolution of the City Council of Sand City Approving an Expenditure Not to Exceed \$3,000 for Services by HF&H Consultants for Franchise Agreement Management And Oversight Services within the 2015-16 Fiscal Year

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## Background

At the October 20, 2015 City Council Meeting, Planning staff presented to the City Council a proposal by the Monterey Regional Waste Management District (MRWMD) and HF&H Consultants LLC regarding HF&H's assistance with contract management and needs assessment. This would include a review of Green Waste Recovery's quarterly and annual reports, sample billing audits and reconciliation to verify accuracy of franchise fees and other payments, and miscellaneous contract management tasks and meetings to resolve issues as they arise. The City Council expressed their consensus to participate in the endeavor and willingness to financially contribute based upon "per agency" division of the overall expense of \$94,700; of which Sand City's portion would be \$13,592 provided that all seven public agencies participate. At the time of writing this summary, the jurisdictions of Pebble Beach, Seaside, and Carmel-by-the-Sea have all committed to this endeavor. Del Rey Oaks (DRO) has decided to opt out because they feel it is not an equitable share due to their size and associated franchise fees for management and oversight.

At the November 17, 2015 City Council Meeting, Council approved budget expenditure for services by HF&H Consultants for the development of a model waste ordinance. The cost associated for that participation was based on a contribution comparable to the same percentage received. It is even more compelling to use that same formula for assistance with HF&H Consultants management and oversight agreement.

Listed below are the Franchise fees collected annually by each jurisdiction:

City	Franchise Fees Collected
Sand City	\$60,000
Del Rey Oaks	\$81,216
Pebble Beach	\$151,000
Pacific Grove	\$173,676
Carmel	\$227,200
Marina	\$497,600
Seaside	\$751,600

Under a metric based on equal participation seems unfair and is disproportionate to what Sand City receives. It would seem fairer to contribute comparable to the same

percentage received. The City of Sand City receives approximately 3% of the total agency franchise fees and 3% of the annual overall expense of \$94,700 equals \$2,841 (round up to \$3,000).

**Recommendation**

After further analysis, staff recommends approval of the attached resolution, to allocate/dedicate up to \$3000 for Fiscal Year 2015-16, with billing from and payment to HF&H Consultants. If such services were to continue the following year, future budgetary allotments would have to be considered at that time.



**CITY OF SAND CITY**

**RESOLUTION SC \_\_\_\_\_, 2015**

**RESOLUTION OF THE CITY COUNCIL OF SAND CITY APPROVING AN EXPENDITURE NOT TO EXCEED \$3000 FOR SERVICES BY HF&H CONSULTANTS FOR FRANCHISE AGREEMENT MANAGEMENT AND OVERSIGHT SERVICES WITHIN THE 2015-16 FISCAL YEAR**

**WHEREAS**, the City of Sand City is a participating member of the Monterey Regional Waste Management District (MRWMD) who provides services to the City in regards to refuse management, disposal, recycling, and reporting; and

**WHEREAS**, Sand City currently has a new franchise agreement with GreenWaste Recovery (hereinafter referred to as GWR) for exclusive solid waste hauling services with requirements on reporting, diversion, recycling, and the like; and

**WHEREAS**, many of the other Monterey Peninsula municipalities, also members of the Monterey Regional Waste Management District, are in a similar circumstance as Sand City in need of professional assistance toward the efficient implementation of the franchise agreements, overseeing GWR, and municipal compliance with State regulations regarding mandatory diversion goals and public outreach; and

**WHEREAS**, the Monterey Regional Waste Management District has coordinated an effort to involve Rob Hilton of HF&H Consultants, an expert in waste and recycling management and an invaluable resource on the subject, to assist the local Peninsula cities with managing their individual solid waste franchise agreements with GWR; and

**WHEREAS**, the overall expense for HF&H's involvement for the 2015-16 Fiscal Year has been presented at \$94,700 per year, and Sand City receives approximately 3% of the total franchise fees, and 3% of the annual overall expense of \$94,700 equals \$2,841(rounded up to \$3,000); and

**WHEREAS**, the proposed scope of work by HF&H, incurring the identified expense to the City, as attached hereto as 'Resolution Exhibit A' and incorporated herein by this reference, includes 1) review of GWR's quarterly reports, 2) review GWR's annual reports and determine compliance with contracts, 3) perform annual sample billing audit/reconciliation to verify accuracy of franchise and fee payments, 4) reconcile franchise and other fee payment to reported revenues and service levels, 5) review GWR's annual rate adjustments, 6) review and request adjustment of service levels for agency facilities and special events, 7) prepare and attend regular meetings with GWR, and 8) perform miscellaneous contract management tasks and GWR meetings to resolve issues as they arise; and

**WHEREAS**, other services such as 1) review and recommendations to the MRWMD's technical advisory committee on GWR's annual public education and outreach plan, 2) compile data from GWR's reports for inclusion in AB 939 annual reports to Cal-Recycle, 3) act as a customer liaison to GWR for unresolved issues, and 4) monitor customer site

visits, performed by the MRWMD are currently at no cost to their participating member agencies.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of Sand City to hereby approve an expenditure not to exceed \$3,000 for HF&H assistance with franchise agreement management and oversight services within the 2015-16 fiscal year.

**PASSED AND ADOPTED** by the City Council of Sand City this \_\_\_\_ day of December, 2015, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

APPROVED:

ATTEST:

\_\_\_\_\_  
Linda K. Scholink, City Clerk

\_\_\_\_\_  
David K. Pendergrass, Mayor

AGENDA ITEM

8B

# MEMO

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**To:** Honorable Mayor and City Council  
**From:** Todd Bodem, City Administrator  
**Date:** November 19, 2015  
**Subject:** Medical Marijuana Regulation & Safety Act

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## Introduction

In a historic move, Governor Jerry Brown signed a comprehensive package of bills to establish a regulatory structure around the State's multi-million dollar medical marijuana industry. For the first time since voters passed Proposition 215 in 1996, multiple stakeholders, including local government, law enforcement, unions and portions of the industry, came to an agreement on what the regulatory structure should look like. Together, AB 266, AB 243, and SB 643 comprise the Medical Marijuana Regulation & Safety Act.

## Overview

- **Local prohibition or regulation:** Cities may prohibit or regulate medical marijuana businesses within their jurisdiction: Local authority remains intact under the new law.
- **State license required:** All medical marijuana businesses – dispensary sales, delivery service, cultivation, or transport – must have a state license.
- **State license not enough:** A medical marijuana business in any city may only operate if it has permission from the State and permission from the city (“dual licensing”) that business operates.
- **Enforcement:** Denial of local permission to operate means that a medical marijuana business must terminate operation because the new law requires dual licensing. Upon approval of the State, a city may enforce State law. State law imposes civil penalties and criminal penalties for operating without a State license.

Below are the areas of discussion:

**Sell:** On October 7, 2010, the City of Sand City amended Title 18 of the Municipal Code (Zoning) and the Local Coastal Implementation Plan to prohibit medical marijuana dispensaries and the general sale of marijuana in all zoning districts. No action required.

**Cultivation:** Sand City does not have a land use ordinance in place regulating or prohibiting the cultivation of marijuana. Commencing March 1, 2016, the State Department of Food and Agriculture will be the sole licensing authority for medical marijuana cultivation applicants if the City Council takes no action to regulate or prohibit cultivation.

**ACTION REQUIRED:** If the City Council wants to prohibit the cultivation of medical marijuana, then they must adopt a land use ordinance regulating or prohibiting the cultivation of medical marijuana. The ordinance must be effective by February 28, 2016. The ordinance may be adopted as an “urgency ordinance,” or second reading must occur on or before January 29, 2016.

**Delivery:** If Sand City does not want to prohibit the delivery of medical marijuana within its jurisdiction, delivery will be legal (with a State dispensary license). This means that if Sand City wishes to prohibit the delivery of medical marijuana within its jurisdiction, then Sand City must adopt an ordinance expressly prohibiting delivery services or mobile dispensaries.

**ACTION REQUIRED:** Adopt an ordinance expressly banning deliveries within Sand City. If Sand City does not adopt an ordinance banning delivery of marijuana products before the State begins issuing State licenses, a State-licensed dispensary will be able to deliver medical marijuana within Sand City. Therefore, any ordinance must be in place before the State begins issuing State licenses. The State currently estimates that it will begin issuing dispensary licenses in January 2018, but that could certainly happen sooner.

#### **Recommendation**

Following the City Council’s direction, Staff will develop the necessary ordinances for consideration at the December 15, 2015.

#### **Attachments**

- League of California Cities PowerPoint Slides
- Sand City Ordinance 10-07, 2010



## Informational Briefing: Medical Marijuana Regulation and Safety Act

- This briefing is designed to educate our members on the three bills comprising the Medical Marijuana Regulation and Safety Act (MMRSA). Its goals are to:
  - Explain how this legislation protects local control;
  - Review the details of what each bill does;
  - Highlight specific regulatory issues that require immediate attention from local governments;
  - Discuss timelines for implementation
  - Field your questions

**Note:** Some of the provisions of the new laws discussed in this briefing are not included in the Medical Marijuana Regulation and Safety Act.





## Medical Marijuana Regulation and Safety Act

- The Medical Marijuana Regulation and Safety Act consists of three discrete pieces of legislation:
- **AB 266 (Bonta, Cooley, Jones-Sawyer, Lackey, Wood)** – Establishes dual licensing structure requiring state license and a local license or permit. Department of Consumer Affairs heads overall regulatory structure establishing minimum health and safety and testing standards.
- **AB 243 (Wood)**– Establishes a regulatory and licensing structure for cultivation sites under the Department of Food and Agriculture.
- **SB 643 (McGuire)** - Establishes criteria for licensing of medical marijuana businesses, regulates physicians, and recognizes local authority to levy taxes and fees.



# Medical Marijuana Regulation and Safety Act

- This legislation protects local control in the following ways:
- **Dual licensing:** A requirement in statute that all marijuana businesses must have **both** a state license, and a local license or permit, to operate legally in California. Jurisdictions that regulate or ban medical marijuana will be able to retain their regulations or ban.
- **Effect of Local Revocation of a Permit or License:** Revocation of a local license or permit terminates the ability of a marijuana business to operate in that jurisdiction under its state license.
- **Enforcement:** Local governments may enforce state law in addition to local ordinances, if they request that authority and if it is granted by the relevant state agency.
- **State law penalties for unauthorized activity:** Provides for civil penalties for unlicensed activity, and applicable criminal penalties under existing law will continue to apply.
- With certain exceptions, expressly protects local licensing practices, zoning ordinances, and local actions taken under the constitutional police power.





## Medical Marijuana Regulation and Safety Act

- This legislation protects public safety in the following ways:
- **SB 643**: Establishes a track and trace program for all marijuana.
- **AB 266**:
  - Limits vertical integration by requiring third party distribution, transportation and testing.
  - Requires the development of a study that identifies the impact and impairing effect that marijuana has on motor skills.
  - Establishes uniform security requirements at dispensaries as well as for transporters.



## Key State Medical Marijuana Laws

- **Medical Marijuana Regulation and Safety Act (Business and Profession Code section 19300 through 19360).** Governs the licensing and control of all medical marijuana businesses in the state and provides criminal immunity for licensees.
- **Compassionate Use Act of 1996 (Health and Safety Code section 11362.5).** Criminal violations relating to possession and cultivation of marijuana do not apply to patients and primary caregivers for possession and cultivation of marijuana for personal medical use with doctor's approval.
- **Medical Marijuana Program (Health and Safety Code section 11362.7 through 11362.9).** Establishes voluntary program for identification cards issued by county for qualified patients and primary caregivers and provides criminal immunity to qualified patients and primary caregivers for certain activities involving medical marijuana.



## Medical Marijuana Regulation and Safety Act

Two areas will require immediate attention from local governments:

- **Deliveries and mobile dispensaries:** Delivery is permitted with a State license unless a city adopts an express prohibition on delivery (AB 266).
- **Cultivation ordinances:** Cities must adopt an ordinance prohibiting or regulating cultivation prior to March 1, 2016. Otherwise the State will be sole licensing authority.





# Medical Marijuana Regulation and Safety Act

- **AB 266 Medical Marijuana – what the bill does:**
- Establishes a statewide regulatory scheme administered by the Bureau of Medical Marijuana Regulation (BMMR) within the Department of Consumer Affairs (DCA).
- Provides for dual licensing: both a state license, and a local permit or license, *issued according to local ordinances*, are required.
- Caps total cultivation for a single licensee at 4 acres statewide, subject to local ordinances.
- Creates four licensing categories: Dispensary, Distributor, Transport, and Special Dispensary Status for licensees who have a maximum of three dispensaries. Specifies various sub-categories of licensees (indoor cultivation, outdoor cultivation, etc.)
- Limits cross-licensing: Operators may hold one state license in up to two separate license categories. Prohibits medical marijuana licensees from also holding licenses to sell alcohol.



## Medical Marijuana Regulation and Safety Act

- **AB 266 Medical Marijuana – what the bill does:**
- Grandfathers in vertically integrated businesses (i.e. businesses that operate and control their own cultivation, manufacturing, and dispensing operations) if a local ordinance allowed or required such a business model and it was enacted on or before July 1, 2015. Requires businesses to operate in compliance with local ordinances, and to have been engaged in all the specified activities on July 1, 2015.
- Requires establishment of uniform state minimum health and safety standards, testing standards, and security requirements at dispensaries and during transport of the product. Product testing is mandatory.
- Specifies a standard for certification of testing labs, and specified minimum testing requirements. Prohibits testing lab operators from being licensees in any other category, and from holding a financial or ownership interest in any other category of licensed business.





## Medical Marijuana Regulation and Safety Act

- **AB 266 Medical Marijuana – what the bill does:**
- **Labor Peace:** Includes a labor peace agreement under which unions agree not to engage in strikes, work stoppages, etc. and employers agree to provide unions reasonable access to employees for the purpose of organizing them. Specifies that such an agreement does not mandate a particular method of election.
- Specifies that patients and primary caregivers are exempt from the state licensing requirement, and provides that their information is not to be disclosed and is confidential under the California Public Records Act.
- Phases out the existing model of marijuana cooperatives and collectives one year after DCA announces that state licensing has begun. Thereafter license will be required.



## Medical Marijuana Regulation and Safety Act

- **AB 243 Medical Marijuana – what the bill does:**
- Places the Dept. of Food and Agriculture (DFA) in charge of State licensing and regulation of indoor and outdoor cultivation sites.
- Mandates the Dept. of Pesticide Regulation (DPR) to develop standards for pesticides in marijuana cultivation, and maximum tolerances for pesticides and other foreign object residue.
- Mandates the Dept. of Public Health to develop standards for production and labelling of all edible medical cannabis products.
- Assigns joint responsibility to DFA, Dept. of Fish and Wildlife, and the State Water Resources Control Board (SWRCB) to prevent illegal water diversion associated with marijuana cultivation from adversely affecting California fish population.





## Medical Marijuana Regulation and Safety Act

- **AB 243 Medical Marijuana – what the bill does:**
- Specifies that DPR, in consultation with SWRCB, is to develop regulations for application of pesticides in all cultivation.
- Specifies various types of cultivation licenses.
- Directs the multi-agency task force headed by the Dept. of Fish and Wildlife and the SWRCB to expand its existing enforcement efforts to a statewide level to reduce adverse impacts of marijuana cultivation, including environmental impacts such as illegal discharge into waterways and poisoning of marine life and habitats.





## Medical Marijuana Regulation and Safety Act

- **SB 643 Medical Marijuana – what the bill does:**
- Directs California Medical Board to prioritize investigation of excessive recommendations by physicians;
- Imposes fines (\$5000.00) vs. physicians for violating prohibition against having a financial interest in a marijuana business;
- Recommendation for cannabis without a prior examination constitutes unprofessional conduct;
- Imposes restrictions on advertising for physician recommendations;



## Medical Marijuana Regulation and Safety Act

- **SB 643 Medical Marijuana – what the bill does:**
- Places Dept. of Food and Agriculture in charge of cultivation regulations and licensing, and requires a track and trace program;
- Codifies dual licensing (state license and local license or permit), and itemizes disqualifying felonies for state licensure;
- Places DPR in charge of pesticide regulation; DPH in charge of production and labelling of edibles;
- Authorizes counties to tax – declaratory of existing law.





## Medical Marijuana Regulation and Safety Act

- **SB 643: Disqualifying felony convictions for licensure**
  - These include felony narcotics convictions, violent felony convictions, serious felony convictions, and felony convictions involving fraud, deceit or embezzlement.
  - Applications cannot be denied if the denial is based solely on the applicant's conviction of a crime for which the applicant was subsequently granted a certificate of rehabilitation, or if the applicant's conviction was subsequently dismissed.



## Medical Marijuana Regulation and Safety Act

- **Delivery of Medical Marijuana (AB 266)**
- “Delivery” means the commercial transfer of medical cannabis or medical cannabis products from a dispensary, up to an amount determined by the bureau to a primary caregiver or qualified patient as defined in Section 11362.7 of the Health & Safety Code, or a testing laboratory.
- “Delivery” also includes the use by a dispensary or any technology platform owned and controlled by the dispensary or independently licensed under this chapter that enables qualified patients or primary caregivers to arrange for or facilitate the commercial transfer by a licensed dispensary of medical cannabis or medical cannabis products. (Business & Professions Code 19300.5(m))





# Medical Marijuana Regulation and Safety Act

- **Delivery of Medical Marijuana (AB 266)**
- *“Deliveries” can only be made by a dispensary and in a city, county, or city and county that does not explicitly prohibit it by local ordinance. Business & Professions Code 19340(a). See also Section 19340(b)(1).*
- Therefore, if your city wishes to prohibit delivery of medical marijuana within your city, an ordinance must be adopted to explicitly prohibit deliveries.
- **Timing:** State licenses are expected to be issued starting January 1, 2018. A facility or entity that is operating in compliance with local zoning ordinances and other state and local requirements may continue its operations until its application for licensure is approved or denied effective January 1, 2018 (Business & Professions 19321(c)).
- Ordinance explicitly prohibiting deliveries should include (1) an amendment to the zoning code prohibiting “delivery” (as defined in AB 266) in any zoning district; or (2) an amendment to the Municipal Code relating to business operations prohibiting “delivery” of “medical marijuana” and “medical cannabis products” (as defined in AB 266) as a business within the city.



# Medical Marijuana Regulation and Safety Act

## • Cultivation (AB 243)

- AB 243 (Wood) prohibits cultivation of medical marijuana without first obtaining both a local license/permit/other entitlement for use and a state license. A person may not apply for a state license without first receiving a local license/permit/other entitlement for use.
- A person may not submit an application for a state license if proposed cultivation will violate provisions of local ordinance or regulation or if medical marijuana is prohibited by city, county, or city and county either expressly or otherwise under principles of permissive zoning (Health & Safety 11372.777(b)).





# Medical Marijuana Regulation and Safety Act

- **Cultivation (AB 243)**
- However...If a city, county, or city and county does not have land use regulations or ordinances regulating or prohibiting the cultivation of marijuana, *either expressly or otherwise under the principles or permissive zoning*, or chooses not to administer a conditional permit program pursuant to this section, then commencing March 1, 2016, the state is the sole licensing authority for medical marijuana cultivation applicants (Health & Safety 11372.777(c)(4)). [March 1, 2016 deadline does not apply to cultivation for personal medical use within 100 square foot area/500 square foot area for primary care-taker].
- Under a “permissive” zoning code, “any use not enumerated in the code is presumptively prohibited.” *City of Corona v. Naulis* (2008) 166 Cal.App.4<sup>th</sup> 418, 425 cited in *County of Sonoma v. Superior Court* (2010) 190 Cal.App.4<sup>th</sup> 1312, FN. 3



# Medical Marijuana Regulation and Safety Act

- **Cultivation (AB 243) – Examples:**
- **City #1:** Municipal Code that expressly prohibits cultivation of marijuana: No need to take any action.
- **City #2:** Municipal Code that expressly regulates (requires a permit or license or other entitlement) the cultivation of medical marijuana: No need to take any action.
- **City #3:** Municipal Code that does not expressly prohibit or expressly regulate (requires a permit or license or other entitlement) to cultivate medical marijuana and is not a “permissive zoning” code. ***Need to take action (see next slide)***
- **City #4:** Municipal Code that is a “permissive zoning” code and does not enumerate cultivation of medical marijuana as a permitted or conditional use: ***Need to take action (see second slide following).***





## Medical Marijuana Regulation and Safety Act

- **Cultivation (AB 243) – Examples:**
- **City #3: What needs to be done before March 1, 2016?**
- **City #3:** Enact an ordinance. The Department of Food and Agriculture will be the sole licensing authority for the cultivation of medical marijuana within City #3 *if City #3 does not have an ordinance either expressly prohibiting or expressly regulating the cultivation of medical marijuana before March 1, 2016.* (Health & Safety Code 11362.777(c)(4). Second reading of an ordinance must occur by January 29, 2016 or a city may consider adopting an urgency ordinance pursuant to Government Code 36937).



# Medical Marijuana Regulation and Safety Act

- Cultivation (AB 243) – Examples:
- City #4: What needs to be done before March 1, 2016?
- City #4: If City #4 prohibits the cultivation of medical marijuana “under principles of permissive zoning,” then the Department of Food and Agriculture may not issue a state license to cultivate medical marijuana within City #4. (Health & Safety Code 1362.777(b)(3)). *However, the city still needs take action (see next slide).*

# Medical Marijuana Regulation and Safety Act

- **Cultivation - General Guidelines for Cities**
- Check and confirm that your city's zoning code is adopted and implemented under the principles of permissive zoning. If not, take action recommended for City #3.
- If confirmed that your city's zoning code is adopted and implemented under the principles of permissive zoning: Adopt a resolution that includes the following provisions:
  - (1) States that H & S 11362.777(b)(3) states that Department of Food and Agriculture may not issue a state license to cultivate medical marijuana within a city that prohibits cultivation under principles of permissive zoning;
  - (2) Re-affirms and confirms that the Zoning Code is adopted and operates under the principles of permissive zoning;
  - (3) States this means that cultivation of marijuana is not allowed within City #4 because it is not expressly permitted and,
  - (4) Therefore, the State is not allowed to issue a license for the cultivation of medical marijuana within City #4.





## Medical Marijuana Regulation and Safety Act

- **Timeline for Implementation**
  - None of the bills specify a timeline for implementation
  - This is partly due to various departments being at different stages in terms of their readiness
  - The rough timeline we have been given for state licensing to begin is January 2018
  - The more immediate timeline for locals to bear in mind is March 2016 regarding your cultivation ordinances



# Medical Marijuana Regulation and Safety Act

## • Questions?

**CITY OF SAND CITY**

**ORDINANCE 10-07, 2010**

**AN ORDINANCE OF THE CITY OF SAND CITY AMENDING TITLE 18 OF  
THE MUNICIPAL CODE (ZONING) AND THE LOCAL COASTAL  
IMPLEMENTATION PLAN TO PROHIBIT MEDICAL MARIJUANA  
DISPENSARIES AND THE GENERAL SALE OF MARIJUANA IN ALL  
ZONING DISTRICTS**

**WHEREAS**, the Compassionate Use Act, codified at California Health and Safety Code section 11362.5, was approved by California voters in 1996 and legalized the use of marijuana for specific medical purposes; and

**WHEREAS**, the Medical Marijuana Program Act of 2003 (Cal. Health and Safety Code section 11362.7) clarified the scope of the Compassionate Use Act and allows local government to adopt and enforce rules concerning the distribution of medical marijuana consistent with the Medical Marijuana Program Act; and

**WHEREAS**, neither the Compassionate Use Act or the Medical Marijuana Program Act preempt the adoption or enforcement of land use laws by local government banning medical marijuana dispensaries; and

**WHEREAS**, the California Constitution grants charter cities the power to make and enforce all ordinances and regulations with respect to municipal affairs; and

**WHEREAS**, the City of Sand City, as a charter city, by and through its Council has and may exercise all powers necessary to ensure the general welfare of its inhabitants; and

**WHEREAS**, the Sand City General Plan encourages the establishment of commercial uses that are generally complementary to other desirable business in the area and are residentially compatible in terms of being low-impact neighbors to residential uses; and

**WHEREAS**, the entire City of Sand City is also a redevelopment project area requiring massive amounts of public and private investment in order to remove blight; and,

**WHEREAS**, the goals, policies and objectives of the Sand City General Plan, and Policies of the Sand City Redevelopment Plan call for the elimination of urban blight and the reinvestment of public and private funds to revitalize Sand City and the establishment of marijuana sales related facilities could undermine such policies by inhibiting private reinvestment adjacent to medical marijuana sales facilities;

**WHEREAS**, the City cannot ensure that the goals, objectives and policies of the Sand City General Plan, the Sand City Redevelopment Plan and the Sand City Local

**Sand City Ordinance 10-07, 2010**

Coastal Program can be properly implemented without specific regulation prohibiting establishment or operation of medical marijuana dispensaries; and

**WHEREAS**, the City of Sand City is a small city with less than one square mile of land territory making it difficult to control the impacts and economic externalities of a medical marijuana dispensary, including, but not limited to the likelihood of attracting criminal activity within the community and discouraging private investment near said facilities, and

**WHEREAS**, a medical marijuana dispensary within the confines of the city has been determined by the City Council and the Sand City Redevelopment Agency to be detrimental to the goal of fostering community investment as other land uses may be inhibited from locating adjacent to or near medical marijuana facilities due to their noted history of increasing crime in the vicinity of such a use; and

**WHEREAS**, it is the purpose and intent of this ordinance prohibiting all marijuana dispensaries, including but not limited to medical marijuana dispensaries, to promote health, safety, morals, and general welfare of the residents and businesses within Sand City; and

**WHEREAS**, federal law does not allow for the use of marijuana, even for medical purposes; and

**WHEREAS**, the City of Sand City will not authorize the use of land for any purpose that would contravene federal law; and

**WHEREAS**, there is no feasible alternative other than adoption of this Ordinance that will satisfactorily mitigate or avoid previous identified impacts to public health, safety and welfare; and

**WHEREAS**, this ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and Section 15060(c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines). Furthermore, the City Council finds that there is no possibility that the adoption of these regulations could have a significant effect on the environment; therefore, no further environmental review is necessary in accordance with Section 15061(b)(3) of the CEQA Guidelines;

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of Sand City as follows:

**SECTION 1: Uses Prohibited In All Zoning Districts.** Chapter 18.69 entitled "Uses Prohibited in All Districts" is hereby added to the Sand City Municipal Code.

**Sand City Ordinance 10-07, 2010**

**SECTION 2: Marijuana Dispensaries.** Section 18.69.010 is hereby added to the Sand City Municipal Code as set forth in Exhibit "A", attached hereto and incorporated herein by this reference.

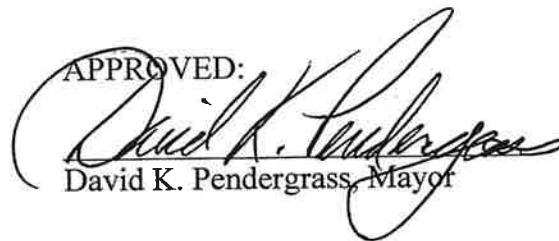
**SECTION 3: Effective Date.** This ordinance shall take effect 30 days following its second reading and adoption by the City Council.

**SECTION 4: Rescission of Interim Ordinance.** At the time this ordinance becomes effective, Ordinance No. 10-06 (2010) shall be automatically rescinded and of no further force or effect.

**PASSED AND ADOPTED** by the City Council of Sand City this 5<sup>th</sup> day of October, 2010 by the following vote:

AYES: Council members Blackwelder, Carbone, Hubler, Kruper, Pendergrass  
NOES: None  
ABSENT: None  
ABSTAIN: None

APPROVED:

  
David K. Pendergrass, Mayor

ATTEST:

  
Linda K. Scholink, City Clerk



## EXHIBIT A

### Section 18.69.010 Marijuana Dispensaries.

A. Medical marijuana dispensaries and any marijuana sales establishments are prohibited in all zoning districts within the City, including those within the coastal zone. A "medical marijuana dispensary" shall mean any facility or location where marijuana (cannabis) is made available for medical purposes and/or distributed to a primary caregiver, qualified patient, or person with an identification card. "Primary caregiver", "qualified patient", and "person with an identification card" shall be as defined in Health and Safety Code Section 11362.7.

B. The establishment or operation of any medical marijuana dispensary within the City is hereby declared to be a public nuisance. The city attorney shall, upon order of the council, immediately commence a civil action or proceeding for the abatement and removal and enjoinder of any medical marijuana dispensary. In any civil action to enforce the provisions of Section 18.69.010.A, where the City seeks recovery of its costs and attorneys' fees, the prevailing party shall be entitled to recover from the losing party its reasonable costs including but not limited to attorneys' fees, the costs of investigation, court costs and the costs of monitoring compliance with any order or judgment entered in such an action. Upon entry of a second or subsequent civil judgment within a two-year period for abatement of medical marijuana dispensary, the court may order the property owner to pay treble the costs of abatement, except as otherwise provided by State law.

C. Notwithstanding any other provision of the Sand City Municipal Code, including but not limited to the provisions of Chapter 1.16 of the Sand City Municipal Code, the operation of a medical marijuana dispensary shall not be prosecuted by the City as a criminal offense.

**AGENDA ITEM**

**8C**

# MEMO

---

**To:** Sand City Successor Agency  
**From:** Todd Bodem, City Administrator  
**Date:** November 23, 2015  
**Subject:** Long Range Property Management Plan

---

## INTRODUCTION/BACKGROUND

In early 2014, Sand City prepared and submitted a Long Range Property Management Plan (LRPMP) for review and approval to the Sand City Successor Agency and the Sand City Oversight Board. The Successor Agency approved the LRPMP as submitted. However, the Oversight Board approved the Plan with several revisions; with instructions to sell several of the former Redevelopment Agency properties. The LRPMP was revised as instructed and submitted to the California Department of Finance (DOF). The LRPMP was not approved by DOF, and was returned with a matrix list of corrections and/or additional information that was required. This update of the LRPMP is being submitted in response to the DOF comments, and to provide further justification for the Sand City proposals.

### **SB 107**

In September 2015, the California legislature passed, and the Governor subsequently signed, Senate Bill 107 (SB 107), which allows the retention by the City of parking facilities and lots dedicated solely to public parking so long as the lots do not generate revenues in excess of the reasonable maintenance costs of the properties. Since a list of corrections is required by the DOF, this Senate Bill changes how the Successor Agency should approach the disposition of the Carroll and Community Garden Properties.

### **The Properties**

There are five properties/entitlements included in the LRPMP: 1) The Carroll Property fronting Ortiz Avenue, Contra Costa Street, and Redwood Avenue. 2) The Community Garden property at the southeast corner of Hickory Street and Dias Avenue. 3) The sewer Pump Station property fronting Tioga Avenue near Metz Road. 4) The McDonald Coastal Property west of Highway 1 and the Playa Avenue underpass. 5) The Independent property, Public Plaza, Water, Parking easements and Affordable Housing requirements at 600 Ortiz Avenue. All of these properties or entitlements were acquired through the programs/activities of the former Sand City Redevelopment Agency. Sand City has been issued a "Finding of Completion" by the DOF, and all current and real property and interests in real property of the former Sand City Redevelopment Agency (RDA) must be included in the LRPMP prepared by the Successor Agency to address the disposition and/or use of these properties. Once the LRPMP is approved by the DOF, the LRPMP will govern and supersede other provisions relating to the real property assets of the Former Sand City RDA.

## Plan Inventory

The Dissolution Act, Health & Safety Code Section 14191.5, requires that the LRPMP include all of the following components:

1. Inventory of all properties in the Community Redevelopment Property Trust Fund; establish to serve as the repository of the former redevelopment agency's real properties. This inventory shall consist of all of the following information:
  - a. **Date of acquisition** of the property and the value of the property at that time, and an estimate of the current value of the property.
  - b. **Purpose** for which the property was acquired.
  - c. **Parcel data**, including address, lot size, and current zoning in the former redevelopment agency redevelopment plan or specific, community, or general plan.
  - d. **Estimate of the current value** of the parcel including, if available, any appraisal information.
  - e. **Estimate of any lease, rental, or any other revenues** generated by the property, and a description of the contractual requirements for the disposition of those funds.
  - f. **History of the environmental contamination**, including designation as a brownfield site, and related environmental studies, and history of any remediation efforts.
  - g. Description of the **properties potential for transit-oriented development and the advancement of the planning objectives** of the successor agency.
  - h. Brief history of **previous development proposals** and activity, including the rental or lease of property.
2. Address the use or disposition of all the properties in the Trust Fund. Permissible uses include:
  - a. **Retention for governmental use** pursuant to subdivision (a) of Section 34181;
  - b. **Retention for future development;**
  - c. **Sale** of the property; or
  - d. **Use** of property to fulfill an **enforceable obligation**.
3. Separately identify and list properties in the Trust Fund dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all the following shall apply:

- a. If the Plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.
- b. If the Plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or as otherwise specified in subsection 3 (a) above, the proceeds from the sale shall be distributed as property tax to the affected taxing entities.
- c. Property shall not be transferred to a successor agency, city or county unless the LRPMP has been approved by the Oversight Board and DOF.

### **Summary of Proposed Property Intension**

1. Carroll Property. Negotiate with Developer to sell 6 of the 14 lots. Of those sold, the revenue shall be divided and distributed to each taxing entity. The remaining 8 lots to remain as public parking and public purpose. If these 6 lots are not sold, Sand City proposes to accept the ownership of them for governmental use at no cost to the City along with the remaining lots at no cost to the City.
2. Community Garden. Retention for Governmental use as a park and possible future parking. Transfer at no cost to the City.
3. Sewer Pump Site. This property shall be offered to DBO Development at its fair market value and sales revenue generated by this property shall be divided and distributed to each taxing entity.
4. McDonald Site. Continue to hold title to the property in order to fulfill an enforceable obligation. If King Ventures exercises its right to terminate the DDA, then the City will exercise its right to retain title pursuant to the COP.
5. Public Easements at 'the Independent.' Retention for Governmental Use.

### **Recommendation**

Staff is submitting this revised Long Range Property Management Plan for the Successor Agency's review, comment and action. If the Successor Agency agrees with this Plan amendment Staff recommends the Successor Agency adopt the attached Resolution. Once the LRPMP is adopted by the Successor Agency, it will be presented to the Oversight Board for their adoption prior to its resubmittal to the DOF.

### **Attachments**

Resolution

Attachment 1 – Health Code Compliance Checklist

Exhibit A-LRPMP

**CITY OF SAND CITY  
RESOLUTION SA \_\_\_\_, 2015**

**RESOLUTION OF THE SAND CITY SUCCESSOR AGENCY (SA) APPROVING THE  
LONG RANGE PROPERTY MANAGEMENT PLAN (LRPMP) AND SUBMITTING  
SAID PLAN FOR FINAL REVIEW AND APPROVAL TO THE SAND CITY  
OVERSIGHT BOARD AND DEPARTMENT OF FINANCE**

**WHEREAS**, The Redevelopment Dissolution Act (AB 1484) requires the Successor Agency (SA) prepare a Long Range Property Management Plan (LRPMP) prior to the disposition of any property being held by the Successor Agency in the Community Redevelopment Property Trust Fund; and

**WHEREAS**, the SA is holding several properties in said trust fund as further described in the LRPMP, attached hereto as Exhibit A and incorporated herein by this reference; and

**WHEREAS**, the LRPMP addresses all of the requirements of Health and Safety Code Section 34191.5; and

**WHEREAS**, on January 21, 2014, the SA approved the LRPMP and on February 3, 2014, the Oversight Board approved the LRPMP with revisions; thereafter, said Plan was submitted to the Department of Finance (DOF); and

**WHEREAS**, in March 2014, the Department of Finance determined that the LRPMP was missing several pieces of information and that a revised Oversight Board approved Plan would be necessary; and

**WHEREAS**, in September 2015, the California legislature passed and the Governor subsequently signed, Senate Bill 107 (SB 107) that allows retention by the City of parking facilities and lots dedicated solely to public parking so long as the lots do not generate revenues in excess of the reasonable maintenance costs of the properties; and

**WHEREAS**, with changes in SB 107 allowing for this transfer of ownership, the LRPMP now proposes to the Sand City Oversight Board and DOF that some of the properties should be used for governmental purposes at no cost to the City.

**NOW, THEREFORE, BE IT RESOLVED**, by the Sand City Successor Agency that the Long Range Property Management Plan (LRPMP) is hereby amended and approved, and the Successor Agency Executive Director is hereby directed to submit said Plan to the Oversight Board and ultimately to the Department of Finance for review and final approval.

**PASSED AND ADOPTED**, at a regular meeting of the Sand City Successor Agency this \_\_\_ day of December, 2015 by the following votes:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

APPROVED:

\_\_\_\_\_  
David K. Pendergrass, Mayor

ATTEST:

\_\_\_\_\_  
Linda K. Scholink, City Clerk



## Health Code Section 34191.5 Compliance Checklist

Health Code Sec.	Subject Item per 34191.5(c)	Carroll	Garden	Tioga	McDonald	Independent
34191.5(c)(1)(A)	<u>Date of Acquisition</u>	✓	✓	✓	✓	✓
34191.5(c)(1)(A)	<u>Value at Acquisition</u>	✓	✓	✓	✓	✓
34191.5(c)(1)(A)	<u>Estimate of Current Value</u>	✓	✓	✓	✓	✓
34191.5(c)(1)(B)	<u>Purpose why property was acquired</u>	✓	✓	✓	✓	✓
34191.5(c)(1)(C)	<u>Parcel Data - Address/APN</u>	✓	✓	✓	✓	✓
34191.5(c)(1)(C)	<u>Parcel Data - Lot Size</u>	✓	✓	✓	✓	✓
34191.5(c)(1)(C)	<u>Parcel Data - Zoning</u>	✓	✓	✓	✓	✓
34191.5(c)(1)(D)	<u>Estimate of Current Value</u>	✓	✓	✓	✓	✓
34191.5(c)(1)(E)	<u>Estimate of lease, rental, revenues generated by property</u>	✓	✓	✓	✓	✓
34191.5(c)(1)(F)	<u>History of environmental contamination</u>	✓	✓	✓	✓	✓
34191.5(c)(1)(G)	<u>Property potential for transit oriented development &amp; planning objectives</u>	✓	✓	✓	✓	✓
34191.5(c)(1)(H)	<u>History of previous development proposals and activity, including leases</u>	✓	✓	✓	✓	✓
34191.5(C)(2)	<u>Use or Disposition of properties</u>	✓	✓	✓	✓	✓
34191.5(C)(2)	<u>Intended Use of Sale Proceeds (if applicable)</u>	✓	✓	✓	✓	✓
34191.5(c)	Inventory of all properties in trust	Provide a cover page (like a table of content) listing properties)				

# LONG RANGE PROPERTY MANAGEMENT PLAN

Sand City Community Redevelopment  
Property Trust Fund



**Sand City Community Redevelopment  
Property Trust Fund**

**LONG RANGE PROPERTY  
MANAGEMENT PLAN**

**List of Properties:**

Property 1: Carroll Property

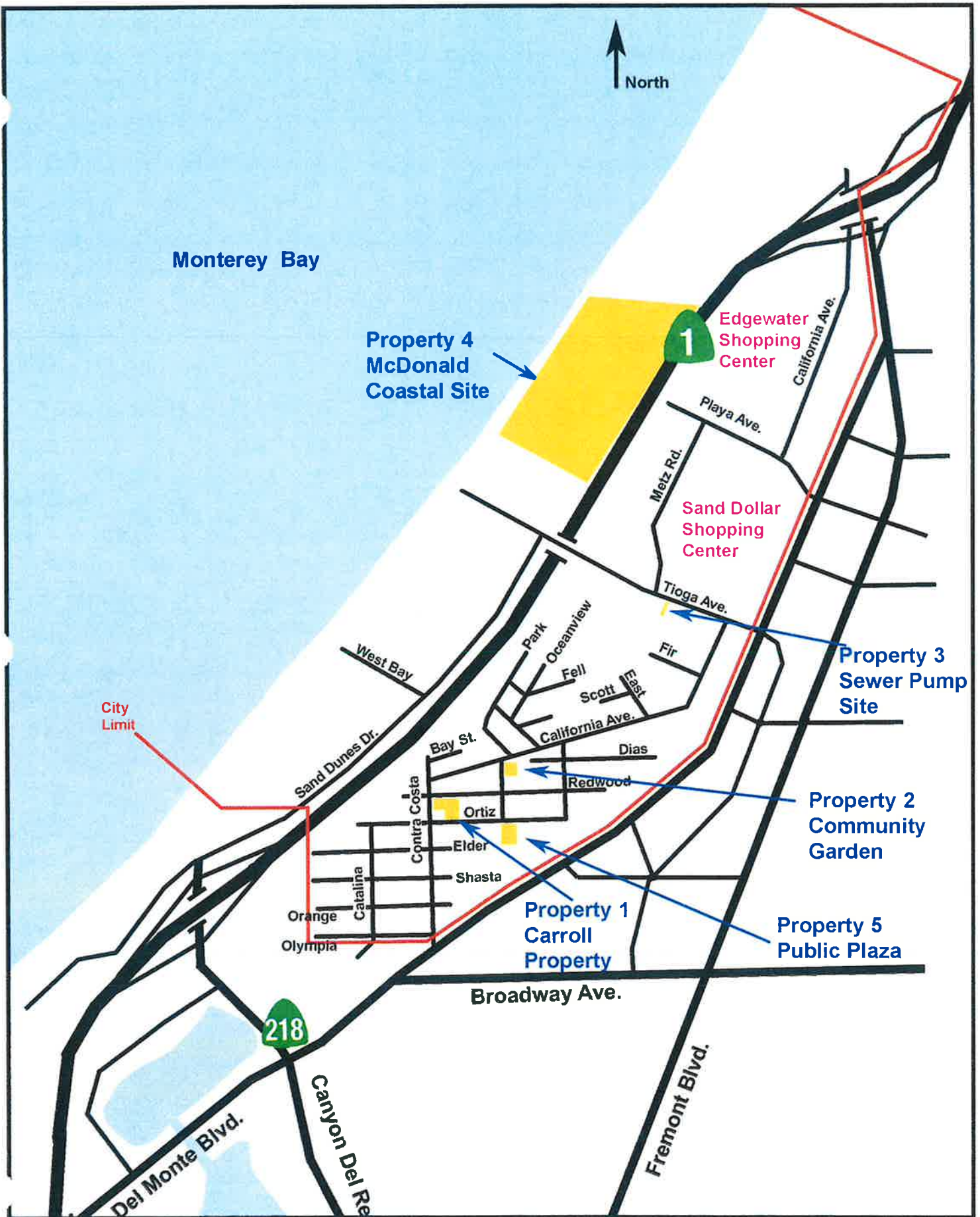
Property 2: Community Garden

Property 3: Tioga Avenue Sewer Pump Site

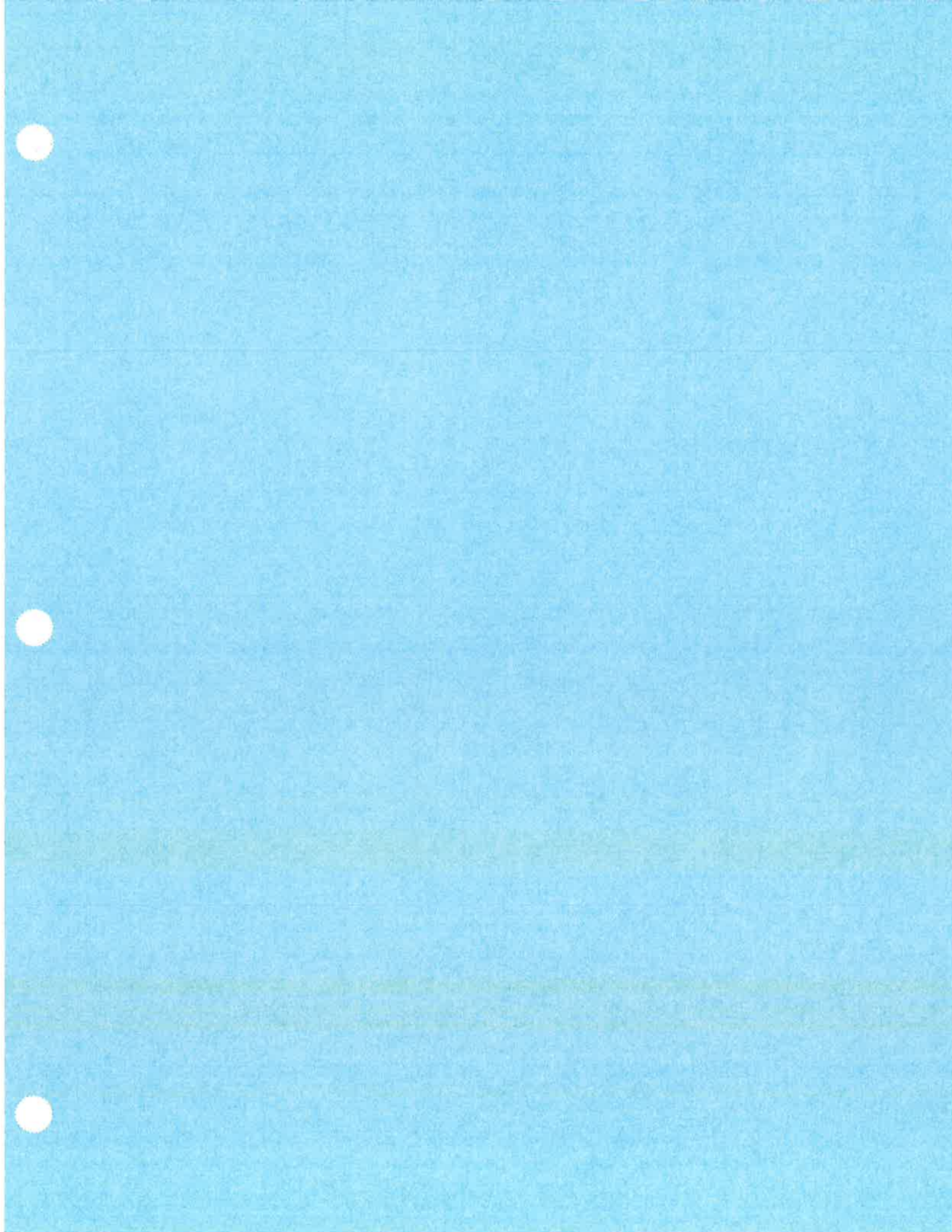
Property 4: McDonald Coastal Site

Property 5: Easements on 'The Independent' Site  
1) Public Plaza Easement  
2) Water Well and Utility Line Easement  
3) Parking Structure Air Easement





**Former Redevelopment Agency Property Assets**





**PROPERTY #1 – Carroll Property:**

Reference: Carroll Property

Address: 525 Ortiz Avenue

Assessor  
Parcel Nos. 011-196-004, 013, 019, 020

Date  
Acquired: 3/20/2009

Purchase  
Price: \$1,300,000

Lot Size: 26,250 SF (11,250 SF, 3,750 SF  
3,750 SF, 7,500 SF)

Estimated  
Current  
Value: \$750,000 (if sold as one  
parcel), \$915,000 if sold  
cumulatively  
(11/6/2012 Appraisal)

Current Land Use: MU-D (Mixed Use Development)

Current Zoning: MU-P (Mixed-Use Planned)





Purpose For Which Property Acquired: The property was purchased by the former Redevelopment Agency with tax exempt bond proceeds in 2009 for the purpose of providing public parking in a parking deficient area of the City. The property's location is ideal for that purpose.

Parcel Data: (See above for address/location.) The property is centrally located within the West End District, abutting two collector streets (Contra Costa Street and Ortiz Avenue). This location provides convenient vehicular access and allows for ideal pedestrian distribution to the surrounding area. Sand City General Plan Policy 3.6.3 states that the City will plan and facilitate the development of public parking lots and/or structures. The Sand City West End District Urban Design and Parking Implementation Plan recommend the provision of public parking to alleviate a shortage of parking. The 2010-2014 Sand City Redevelopment Agency 5-Year Implementation Plan recognizes the Agency's accomplishment in acquiring the property for parking purposes in furtherance of the City's General Plan Policies and Urban Design and Parking Implementation Plan. The property is improved with surface level paving, a 1,920 SF warehouse and a 475 SF shed. The warehouse is currently used for the parking and storage of the Public Works Department equipment and vehicles.

Income/Revenue: The property has not produced any income or other revenues since the time of its acquisition by the former Redevelopment Agency. Since the time of acquisition by the RDA, the property has been used by the City on an interim basis for public purposes including storage and public parking connected with City sponsored events. These interim governmental uses have been authorized by the Oversight Board.

Environmental Assessment: A database search conducted on Envirostor on January 24, 2013 confirmed that the project site was not a hazardous materials site.

Potential for Transit Oriented Development and Advancement of Planning Objectives: The property has the potential for transit oriented development. It is located less than one-half mile (0.16 mile or four blocks) northwest of the Transportation Agency of Monterey County's (TAMC) proposed future Monterey Peninsula Fixed Guideway Service station (Seaside stop), which is currently undergoing environmental review. The Monterey Peninsula Fixed Guideway Service will provide light rail transit service between Monterey and Castroville on the existing publicly owned tracks adjacent to Highway 1.

Development Proposals: DBO Development has expressed interest in purchasing a portion of the property in order to exchange it with an adjacent property owner for the benefit of both property owners. There had also been other interests to rent or purchase the property; however those uses were questionable regarding zoning compliance.

Permissible Use / Disposition Recommendation:

Retention for Governmental Use. H&SC sec. 34181 (a) (1) These parcels were used for governmental purpose as lots dedicated solely for public parking and a local agency warehouse structure. The intent is to allow the transfer of ownership of this property to the City, at no cost for continued public uses and planned future use.

This site was included as an Objective in the RDA 5-Year Implementation Plan, stating that the "Agency will develop additional parking in the West End area to allow for an intensification of residential and commercial uses." (See page 7 of the RDA Implementation Plan). Page 14, RDA Implementation Plan explains that the Carroll property was acquired in 2009 with bond financing for additional parking in the West End District, and that the property may be combined with other redevelopment projects nearby to create a public parking complex, and working with an RDA-approved developer.

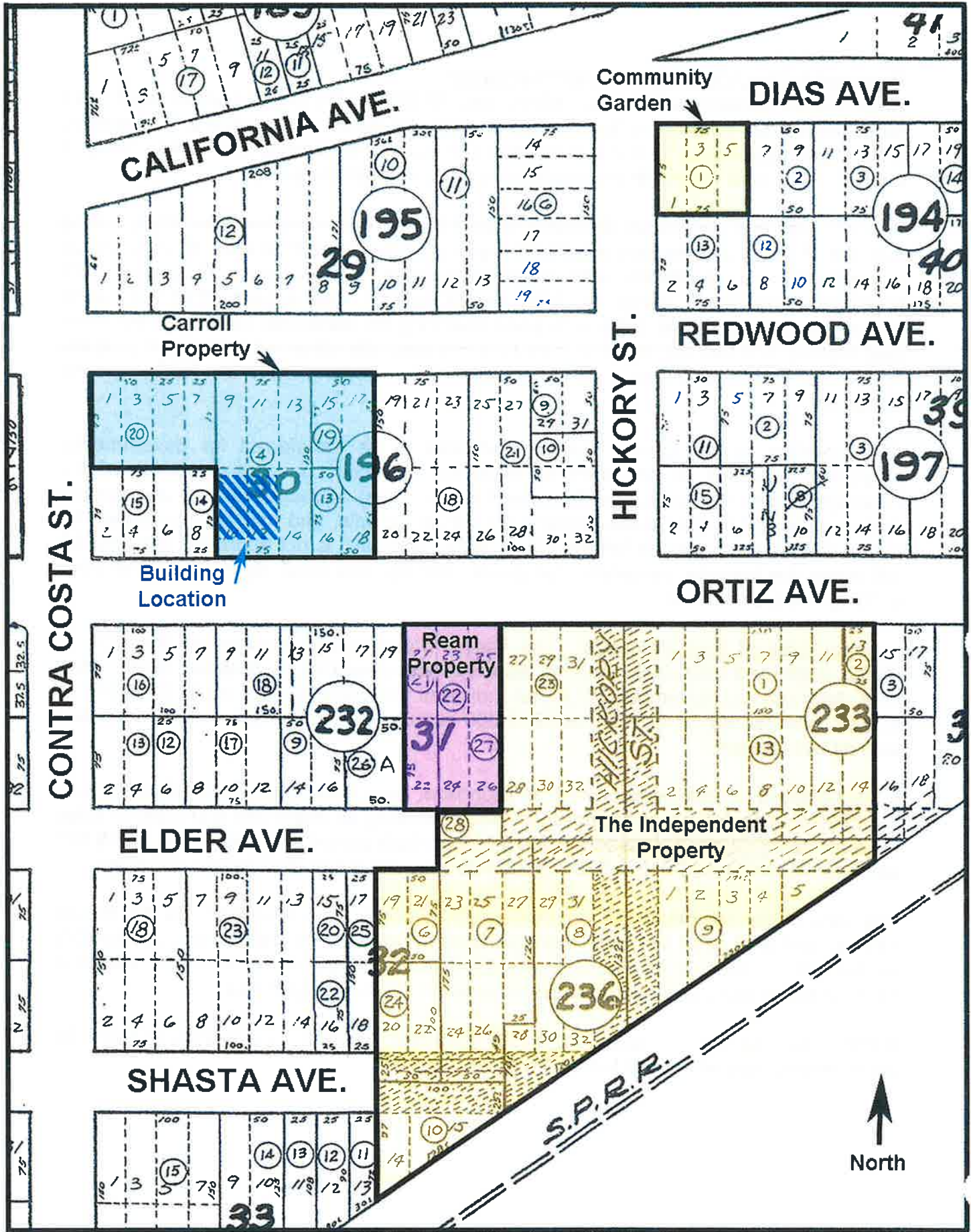
All properties of the former RDA are allowed to be transferred for governmental purposes. However, in an effort to meet the financial concerns-objectives of the Oversight Board, the Sand City Successor Agency (SA) will negotiate with a developer that roughly half of the Carroll property be put up for sale, and half will be retained for public parking as explained further below. If this approach is not approved, then the SA will allow the transfer ownership for public parking and local agency administrative building uses, at no cost.

Intended Use of Sale Proceeds: The Carroll property was acquired by the RDA in March 2009 for \$1,300,000. Another appraisal was prepared by Stephen Brown, MAI, SRA Appraiser in November 2012 that indicated the property was worth \$750,000 (if sold as one parcel), or as high as \$915,000 cumulatively, if the site were divided and sold as two parcels.

If the Updated LRPMP is approved as proposed, then Sand City would negotiate with the developer to sell six of the fourteen lots; producing an estimated \$315,000 in sales price for taxing agencies based the \$915,000 multiple parcel appraisal value (\$215,000 value for APN 011-196-013 & 019 + \$100,000 value for 2 lots of APN 011-196-004).

The sale of the six lots to the developer will be of valuable assistance to this former RDA project and used to create more parking. In retaining the remaining lots, the City will be able to achieve its planning objectives of providing public parking for the West End District of Sand City and produce revenue for the taxing agencies.

If these six lots are not sold, Sand City proposes to accept ownership of them for governmental use at no cost to the City.





CITY OF SAND CITY

DEC 05 2012

RECEIVED

**Carroll Property**

537 Ortiz Avenue  
Sand City, CA 93955



Light Industrial Property Appraisal  
Summary Report  
November 6, 2012

**Prepared for:**

Mr. Steve Matarazzo  
City Administrator  
City of Sand City  
One Sylvan Park  
Sand City, CA 93955

**STEPHEN BROWN ASSOCIATES, INC.**  
**REAL ESTATE ECONOMICS**

P.O. Box 887  
 Salinas, CA 93902

831.455.1991  
 Fax: 831.417.4595  
 sba@sba-realestate.com

November 26, 2012

Mr. Steve Matarazzo  
 City Administrator  
 City of Sand City  
 One Sylvan Park  
 Sand City, CA 93955

RE: Light Industrial property appraisal presented in a summary report of the Carroli Property located at 537 Ortiz Avenue, Sand City, CA. Assessor's Parcel No.: 011-196-004,013,019 & 020

Dear Mr. Matarazzo:

In fulfillment of our agreement, Stephen Brown Associates, Inc. is pleased to transmit our appraisal presented in a summary report format developing an opinion of the market value of the Fee Simple estate in the above referenced real property as of November 6, 2012 on an "As Is" basis. The opinion of value reported is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report.

In order to carry out this assignment, a market study of real estate activity in the vicinity of the subject property has been conducted. This investigation included the collection and analysis of sales, offerings, and other developments which have occurred in the subject and competitive areas in the recent past. The sources of this data included Monterey County records, our own data bank, other information provided by real estate brokers and appraisers, and knowledgeable individuals active in the area. Please reference page 10 of this report for important information regarding the scope of work and analysis for this appraisal, including property identification, inspection, and highest and best use analysis and valuation methodology.

This appraisal has been completed in accordance with (a) the Uniform Standards of Professional Appraisal Practices and Conduct ("USPAP") as promulgated by the Appraisal Standards Board of the Appraisal Foundation, (b) and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

Market value, as used in this appraisal report, is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

Stephen Brown Associates, Inc.

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: "(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994); Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition (Chicago, 2012) Page 123."

Based upon the investigation, the following Fee Simple market value has been concluded:

#### APPRAISAL CONCLUSION

Appraisal Premise	Interest Appraised	Effective Date	Value Conclusion*
As Is	Fee Simple	November 6, 2012	Single Parcel \$750,000* Sum of Multiple Parcels \$915,000

\*The value reported above represents the value of the overall property. Individual parcel values are shown in the Reconciliation Section of the report.

#### Market Exposure Time<sup>1</sup>:

- The market exposure time preceding November 6, 2012 would have been 12 months.

#### Hypothetical Conditions<sup>2</sup>:

- There are no hypothetical conditions for this appraisal.

#### Extraordinary Assumptions<sup>3</sup>:

- This appraisal is made with the extraordinary assumption that the site and the building improvements do not contain hazardous chemicals that would require remediation, thus altering the value of the property to a potential buyer as they would consider remediation costs against the price.

The opinions of value stated above, as well as every other element of this appraisal, are qualified in their entirety by the Contingent and Limiting Conditions as well as the Master Assumptions set forth in this report, which are an integral part of the appraisal. It should be noted that the use of hypothetical conditions or extraordinary assumptions might have an effect on the value conclusion(s).

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and addenda.

Respectfully submitted,



Stephen Brown  
Certified General MAI, SRA, RW-AC  
California License number: AG003578

Appraisal File No. C2012-1201A

<sup>1</sup> Exposure Time: see definition on page 60

<sup>2</sup> Hypothetical Conditions: see definition on page 60

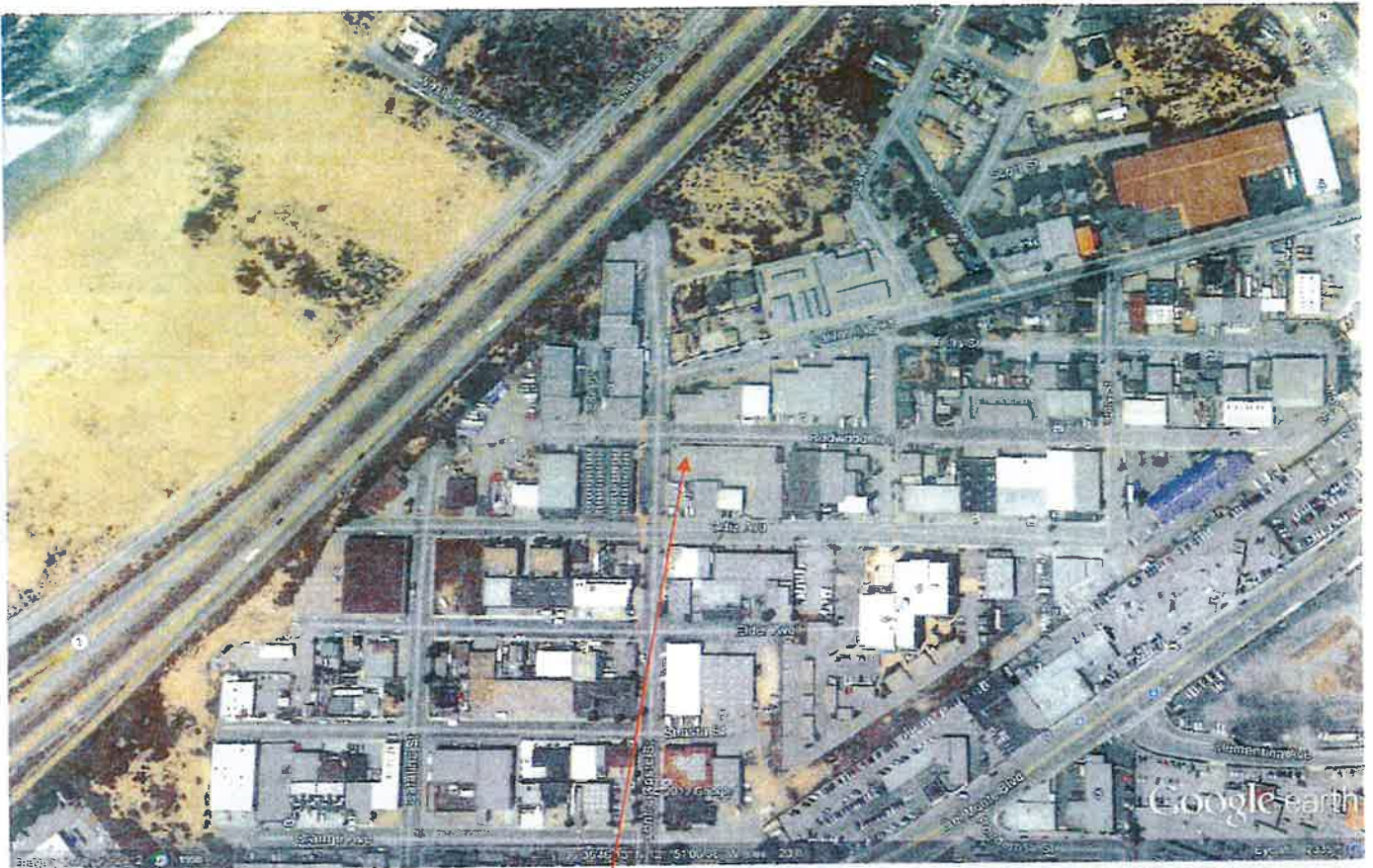
<sup>3</sup> Extraordinary Assumption: see definition on page 60



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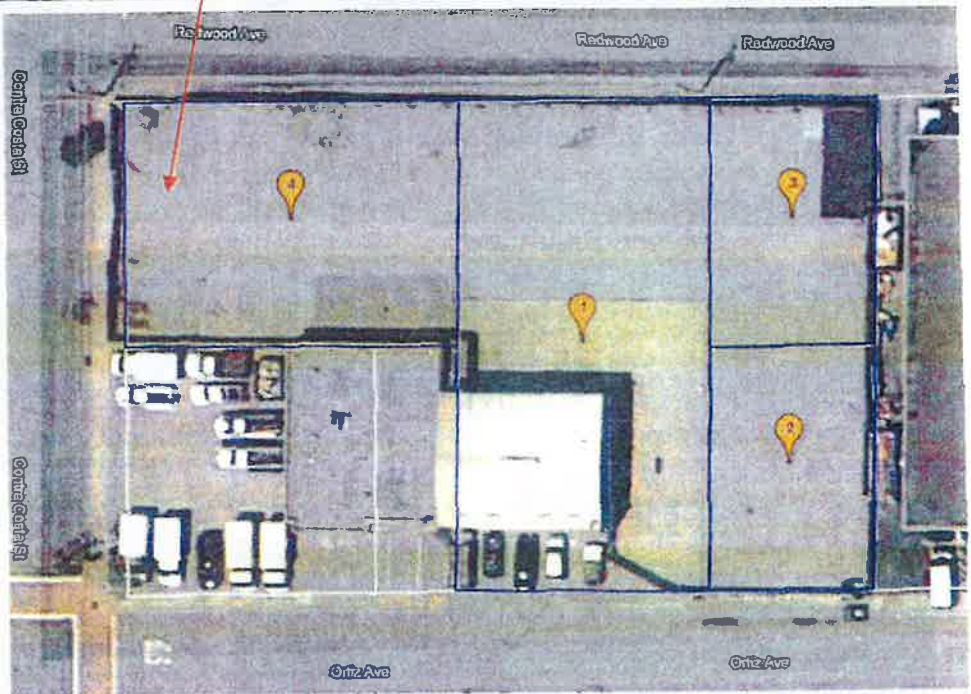
# AERIAL VIEW



- 1  MON 011-196-004-000
- 2  MON 011-196-013-000
- 3  MON 011-196-019-000
- 4  MON 011-196-020-000

The subject property is shown on the Google Earth Map above and the Parcel Quest Map to the right. The lower close up has been outlined for illustration purposes using the approximate location of the lots.

The subject consists of 14 lots located in Block 30. These lots have been assigned four Monterey County Parcel Numbers.





# SUBJECT PHOTOGRAPHS



View from Ortiz Avenue



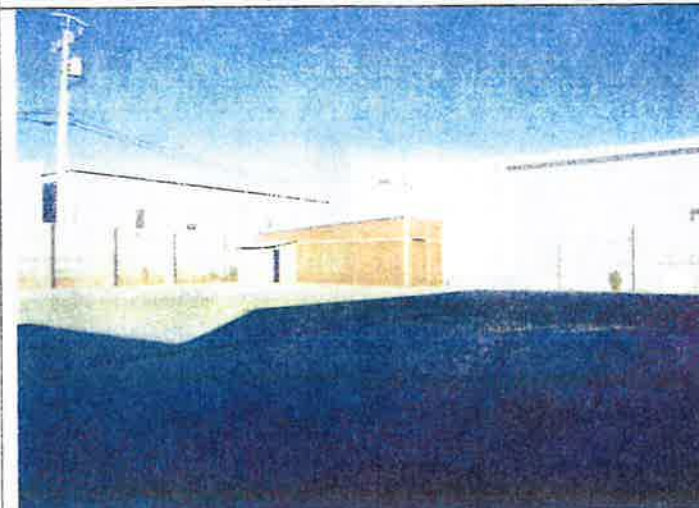
Street View



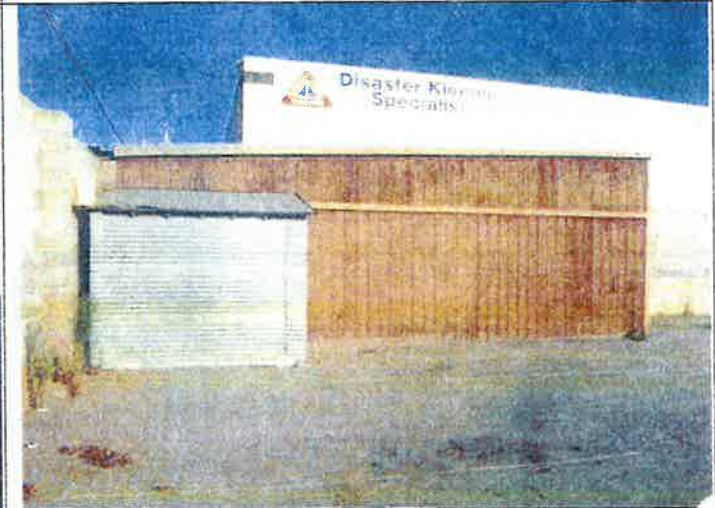
Site and Rear View



North Side View



Sheds located at the Rear



Side View of Sheds

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Subject: Carroll Property  
537 Ortiz Avenue, Sand City, CA, 93955

Client: Mr. Steve Matarazzo  
City Administrator  
City of Sand City  
Sand City Redevelopment Agency

Property Owner: Sand City Redevelopment Agency

Assessor Parcel Number (Legal): 011-196-004,013,019 & 020

Date of Property Inspection: November 6, 2012

Effective Date of Valuation: November 6, 2012

Date of the Report: November 26, 2012

Property Rights Appraised: Fee Simple Estate

Classification of Report and Appraisal: Light Industrial property appraisal presented in a summary report.

Land Area (overall): 26,250± sq. ft.

APN: 011-196-004 11,250± sq. ft.

APN: 011-196-013 3,750± sq. ft.

APN: 011-196-019 3,750± sq. ft.

APN: 011-196-020 7,500± sq. ft.

Gross Building Area (GBA): 1,920± sq. ft. Metal Building (475± sq. ft. shed area)

Comments: The subject property has historically been used for light industrial uses which may have involved hazardous or toxic chemicals. No studies regarding site or soil conditions nor building inspections were available for review by the appraiser. As such, the "as is" condition carries with it the assumption that there are no hazardous or toxic chemicals or materials on or in the subject property.

### MARKET VALUATION SUMMARY

**Final Opinion of Value (As Is – Fee Simple)\***

**Single Parcel \$750,000\***

**Sum of Multiple Parcels \$915,000**

\*The value reported above represents the value of the overall property. Individual parcel values are shown in the Reconciliation Section of the report.

The analysis contained in this appraisal is based upon assumptions and opinions that are subject to uncertainty and variation. These opinions are often based on data obtained in interviews with third parties and such data, while part of the overall market evidence, may not always be completely reliable in every detail.

As part of the appraisal process, we make assumptions as to future behavior of consumers and the general economy, which are highly uncertain. It is, however, inevitable that some assumptions may not materialize and that unanticipated events could occur. As such, actual achieved operating results may differ from the estimates contained in this report, and these differences may be material. Therefore, while our analysis was conscientiously prepared on the basis of our experience and the data available, we make no warranty of any kind that the conclusions presented will, in fact, be achieved. Additionally, it should be noted that we have not been engaged to evaluate the effectiveness of management, and we are not responsible for future marketing efforts or other management actions upon which actual results may depend. We take no responsibility for any events, conditions, or circumstances affecting the market that exist subsequent to the effective date of this appraisal.

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### **Effective Date of Value Opinion/Date of the Report**

The appraisal considers the valuation of the subject property with an effective date of November 6, 2012. In determining the valuation of the property, we will consider the market value under conditions prevalent at that time.

The subject property has been inspected on various occasions throughout the process of preparing an appraisal report. The initial inspection of the subject property was conducted on November 6, 2012 and the final exterior viewing was made on November 25, 2012. The date of the report is November 26, 2012.

### **Reasonable Exposure Time Period Opinion<sup>4</sup>**

The exposure time used as the basis for the following analysis preceding November 6, 2012 would have been 12 months.

### **Intended User(s)**

This appraisal is for the intended use of the client only.

### **Intended Use**

The appraisal problem to be solved is to estimate the 'as is' market value of the subject property to assist the client in making a business related decision regarding the potential sale of subject property.

### **Interest Valued**

The purpose of this appraisal is to provide a market value opinion of the Fee Simple estate of the subject property.

### **Extraordinary Assumption<sup>5</sup>:**

This appraisal is made with the extraordinary assumption that the site and the building improvements do not contain hazardous chemicals that would require remediation, thus altering the value of the property to a potential buyer as they would consider remediation costs against the price.

### **Hypothetical condition<sup>6</sup>:**

There are no hypothetical conditions for this appraisal.

### **Sales History**

The subject was purchased by the Sand City Redevelopment Agency from the Robert J. Carroll Trust and the recorded date of transfer was March 20, 2009. The reported total price is \$1,322,742. The property was appraised for the City of Sand City by Hanna and Associates "as is" as of February 22, 2008 at the value of \$1,150,000.

### **Current Listing/Pending Contract(s):**

The subject is not known to be currently listed for sale, or under contract. However, it is the appraiser's understanding that the property may be placed on the market for sale and the subject appraisal may in part be used to help establish an offering price. It is assumed that proper marketing would allow the subject property to reach its market value.

It should be noted that the estimated value is not intended to reflect a listing price. Rather by definition, the estimated value represents the negotiated price between a knowledgeable buyer and seller under the market value definition.

<sup>4</sup> Exposure Time: see definition on page 60

<sup>5</sup> Extraordinary Assumption: see definition on page 60

<sup>6</sup> Hypothetical Conditions: see definition on page 60



**ASSESSMENTS AND TAXES****REAL ESTATE ASSESSMENTS AND TAXES**

Taxing Authority	Monterey County Tax Collector
Assessment Year	2012

**ASSESSED VALUES**

Tax Identification Number	011-196-004
Land Assessed Value	--
Building Assessed Value	--
Other Property Assessed Value	--
Total Assessed Value	\$0
Real Estate Taxes	\$5.00

**ASSESSED VALUES**

Tax Identification Number	011-196-013
Land Assessed Value	--
Building Assessed Value	--
Other Property Assessed Value	--
Total Assessed Value	\$0
Real Estate Taxes	\$5.00

**ASSESSED VALUES**

Tax Identification Number	011-196-019
Land Assessed Value	--
Building Assessed Value	--
Other Property Assessed Value	--
Total Assessed Value	\$0
Real Estate Taxes	\$5.00

**ASSESSED VALUES**

Tax Identification Number	011-196-020
Land Assessed Value	--
Building Assessed Value	--
Other Property Assessed Value	--
Total Assessed Value	\$0
Real Estate Taxes	\$5.00

All of the subject sites are exempt from assessment due to public ownership. Each is reported to have a nominal annual tax of \$5.00 per parcel. Upon transfer to private ownership these properties will be appraised by the Monterey County Assessor's Office.



## SCOPE OF WORK

Having previously identified the client, the effective date of value and definition of value, the appraiser(s) now considers the relevant characteristics of the subject assignment and assignment conditions which include the definition of the intended users, intended use and type of opinion. Part of completing the Scope of Work is the planning of the assignment so that the client's problem can be solved with credible results. This is the process where the appraiser(s) diagnoses the problem and determines a reasonable means to find a solution.

The Scope of Work for this appraisal is based on the client's desire to have a current market value estimate in its assumed "as is" condition. The valuation is to be used in part to establish a reasonable value for a potential offering of the property to the public for sale. The subject consists of 14 lots combined into four Monterey County assessment parcels. Current market conditions potentially affect the highest and best use as well as the value and are a part of the study. The appraisal is being completed prior to environmental or condition studies and as such the valuation is based on the assumption that the property does not suffer negatively from any unknown issues.

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to determine the appropriate Scope of Work. USPAP defines the Scope of Work as the amount and type of information researched and the analysis applied in an assignment. Scope of Work includes, but is not limited to, the following:

- the degree to which the property is inspected or identified;
- the extent of research into physical or economic factors that could affect the property;
- the extent of data research; and
- the type and extent of analysis applied to arrive at opinions or conclusions.

The following information defines the Scope of Work:

<b>Report Type:</b>	Summary Report
<b>Initial Inspection Date:</b>	November 6, 2012
<b>Market Analysis and Market Conditions:</b>	A complete analysis of market conditions has been made.
<b>Highest and Best Use:</b>	The valuation is based on the estimate of the current highest and best use estimate for the subject property.
<b>Cost Approach Analysis:</b>	Buyers and sellers would not typically rely upon the Cost Approach due to the age of the improvements. However, within this appraisal some reliance may be placed on the depreciated contribution of the improvements.
<b>Sales Comparison Approach Analysis:</b>	This approach is the most relied upon methodology by the typical buyer and seller in the subject market. To the extent available based on market data, the appraiser will utilize this approach for estimating land as well as the property value.
<b>Income Approach Analysis:</b>	This approach is judged to be secondary to the Sales Comparison Approach when sufficient sales data exists. However, this approach will be completed to measure the contribution of value from the building improvements and a prorated portion of the land necessary to support its usage.

In preparing the following appraisal, the appraiser:

- Inspected the property to provide a familiarity with the site, the improvements and its neighborhood, but this inspection should be considered as preliminary with reliance to be made on information provided by professionals, such as licensed building inspectors, licensed contractors, environmental inspectors, architects and engineers. The appraiser(s) is not a professional in the field of inspection or the determination of exact building materials or physical sizes. Without these professional studies the

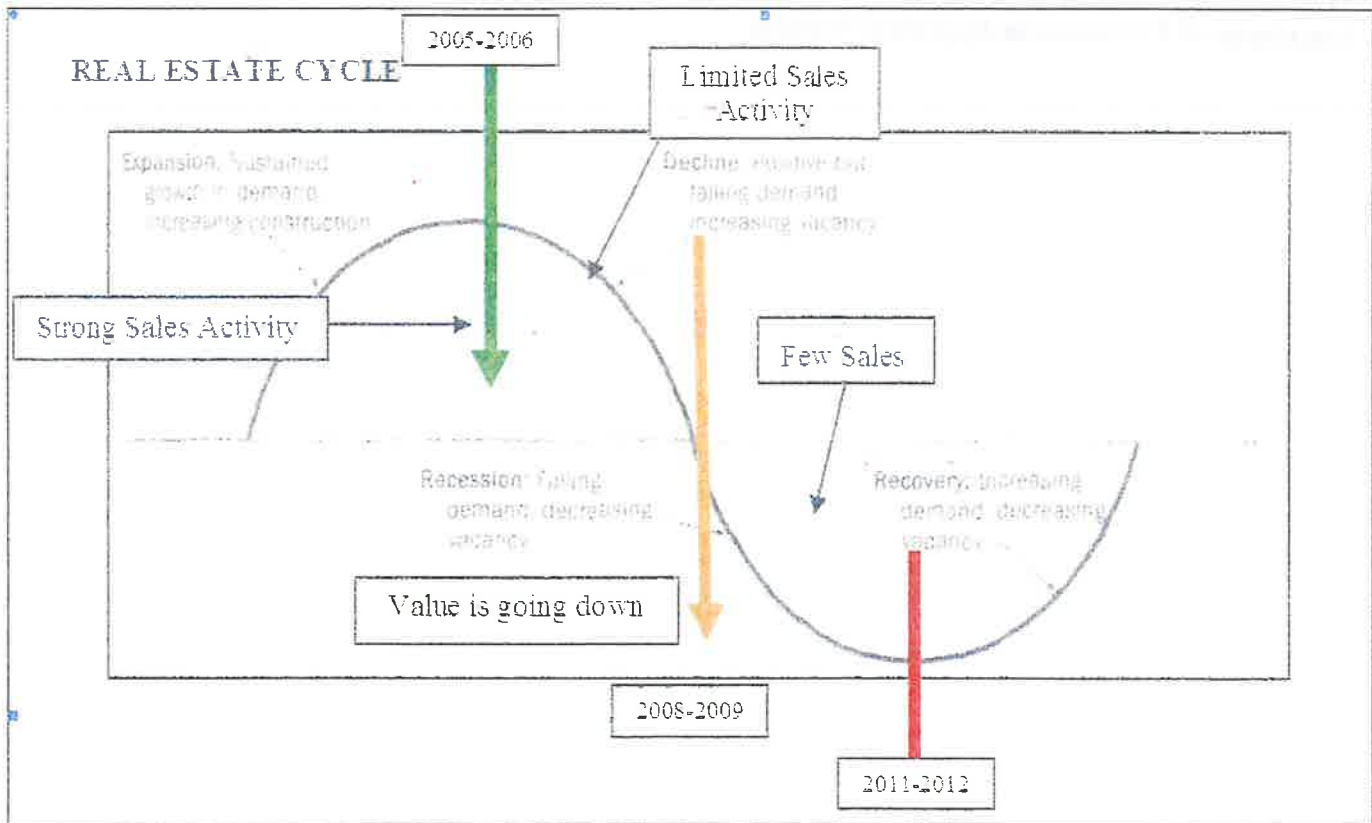
appraiser(s) may be required to utilize the use of extraordinary assumptions or hypothetical conditions as part of the valuation process.

- Gathered information about the subject as well as comparable properties from a wide variety of sources, including, but not limited to, listings and sales of land, improved properties (MLS as well as the Internet), and rentals. All of the data collected was used to form the foundation for further analysis and ultimately comparison to the subject.
- Confirmed data as required and as available from sources such as City and County records, listing and selling agents/brokers, buyers, sellers, and tenants. Some or all of the data may be from secondary market data sources and not personally verified.

This appraisal report is a Summary Report, as defined by Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice.

## MARKET CONDITIONS

The traditional market cycle is shown by the following illustration. While stylized into a "normal" curve it is judged as reasonably representing what is commonly considered as the business cycle in real estate. This shows a market moving from a "sellers" market with high demand to a "buyers" market. The green arrow is intended to reflect the generally accepted peak of the market while the orange shows the slide to what was reported to be the "bottom" of the recession at the end of 2008. The red line is somewhat arbitrary because it was intended to suggest that the market would return to the normal growth between 2011 and 2012.



In 2004-2005 the real estate market was continuing its growth, but by November 2008 the National, Statewide and local real estate marketplaces had found their way to recession. One method of measuring market conditions is the level of unemployment. The figures from the State of California in 2006 were weaker than 2004 and 2005 when the monthly gains averaged 20,000 and 24,000 and when the state's housing sector was still adding jobs. December 2004 unemployment level in California was reported to be 6% and by the end of 2005 the level had decreased to 5.1%. By 2011 the state's unemployment was in excess of 12% while the nation was in the 9% range. However, in September of 2012 the reported rate nationally was 7.9% and Monterey County was reported to have been reduced to 8.6% which is an improvement but still well above a recovering economy.

Financing is another segment of the market that is important to understand when comparing these two time frames. During 2005 financing was reasonably plentiful for all types of properties including acquisition and development loans for new construction, but in 2007 the market was becoming more restricted as the residential market started to fail followed by a financial crisis in 2008. Since 2008, the availability of commercial financing for land acquisition and development has been nearly non-existent for all but the most prime customers. Liquidity has not returned to the banking industry and while the cost of money is relatively low, the outlook for project development remains dim. However,

from 2011 "owner user" property acquisition financing had become more available at relatively high loan to value ratios and historically low interest rates.

What is significant to understand is that in 2004-2005, the real estate market was booming and there was optimism for real estate. In 2012, the recession continues, financing for most property types other than single family dwellings remains difficult to obtain and the prospect of any meaningful improvement in the lending marketplace may be years away.

These general trends are judged to show that market conditions in 2004-2005 represented a "sellers" market which typically reflects greater than typical demand (competition) as opposed to 2012 the opposite side of the spectrum is shown which is represented as a "buyers" market where demand is low and buyers are considered to have the upper hand. Under current market conditions buyers may be "cash" buyers who have even greater opportunities than normal.

**Improved Light Industrial Properties**

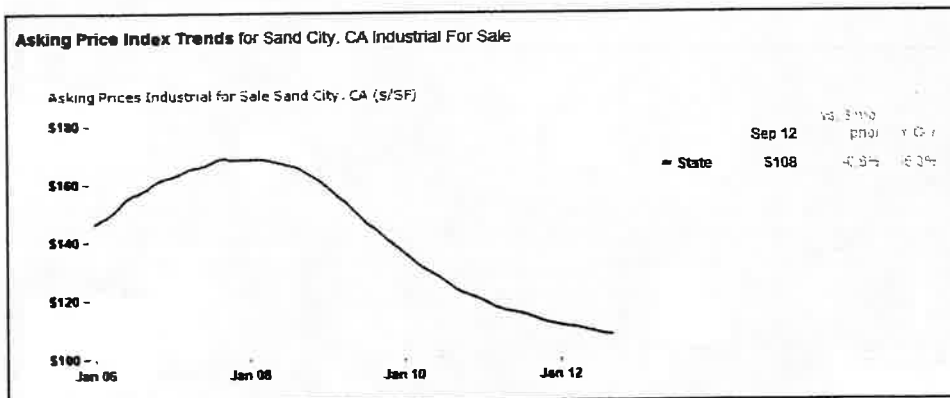
The market place for small industrial properties suffered much like other types of real estate during the 2007-2012 timeline. Values, demand and occupancy all were reduced during this period of time. The erosion of market conditions during 2012 appears to have slowed or stopped. It is unknown if this is a pause in a continuing downturn or a stabilization in the market. As stated prior, few lenders are in the market providing financing for purchases by owner users. However, it is reported by local brokers that "investor" purchase financing still remains limited.

**MARKET AREA ANALYSIS**

From 2008 to 2011, the market had become increasingly depressed due to the recession. During mid 2012 there appears to have been some change in the market evidenced by greater offerings for sale. It is unknown if this activity is wishful thinking by agents and owners. Some property types have recovered more quickly than others and some areas have stronger demand than others which makes it important that the appraiser reviews market data that directly applies to the subject and its competitive marketplace.

**Local Industrial Market**

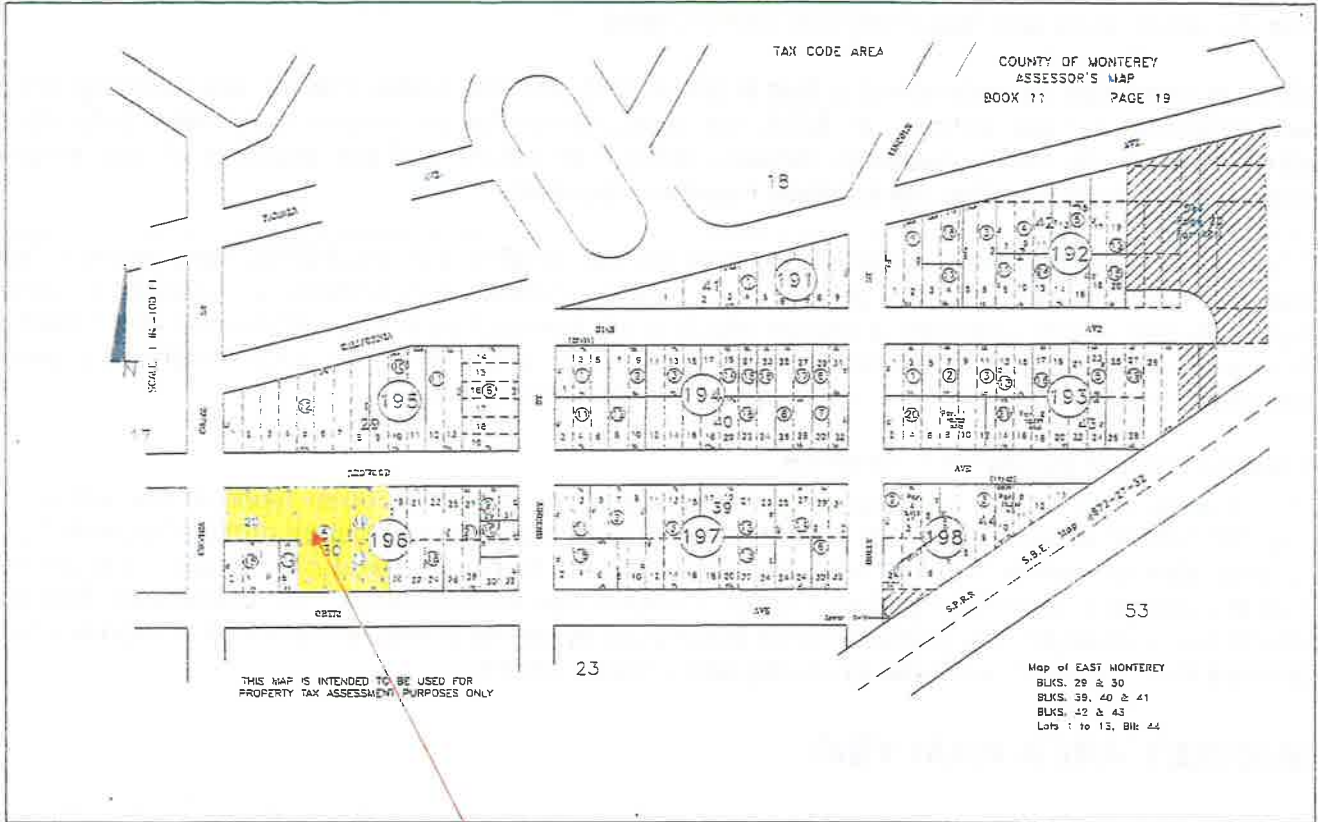
Much of the prior market condition comments reflected the overall market on a nationwide basis. The recessionary conditions have had an impact on most all types of local real estate with some areas more affected than others. The following grid illustrates the "general" local trend over the past five years that applies to the subject and competitive areas.



The grid shown prior present general trends shown by Loopnet that are judged to show an overview for improved properties in competitive market places. Overall, this data suggests that in general values continue to fall from the market highs.

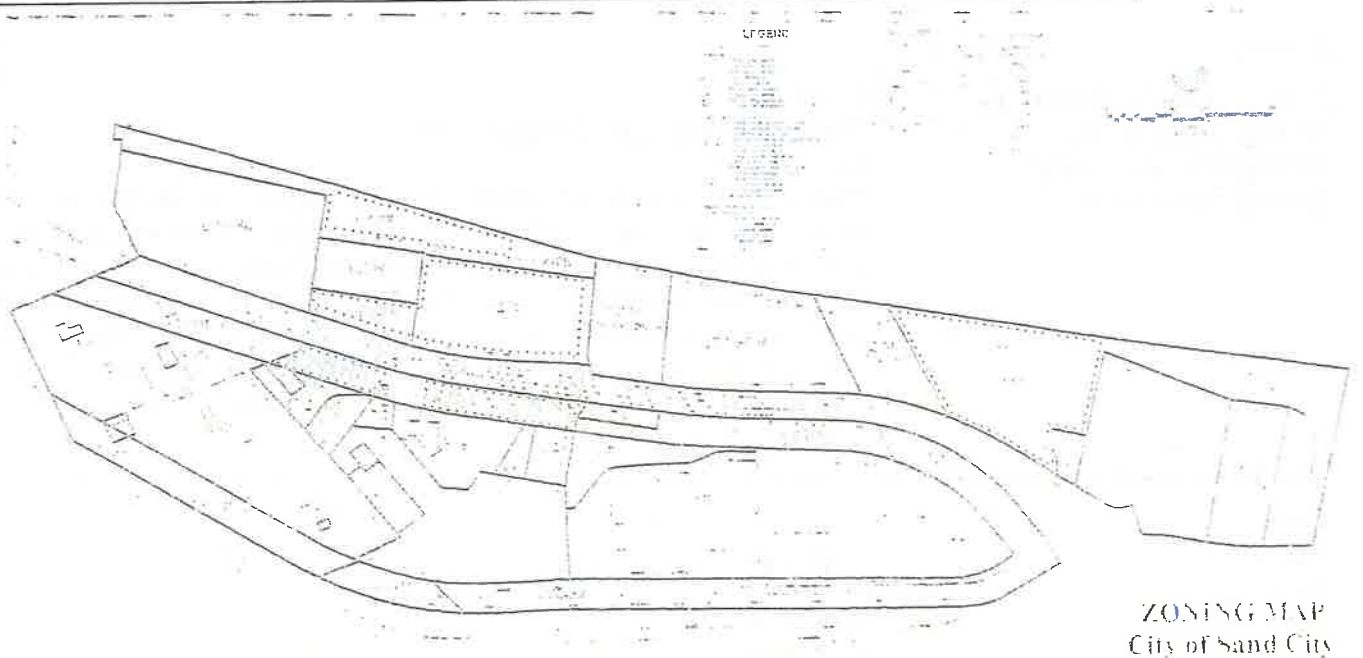
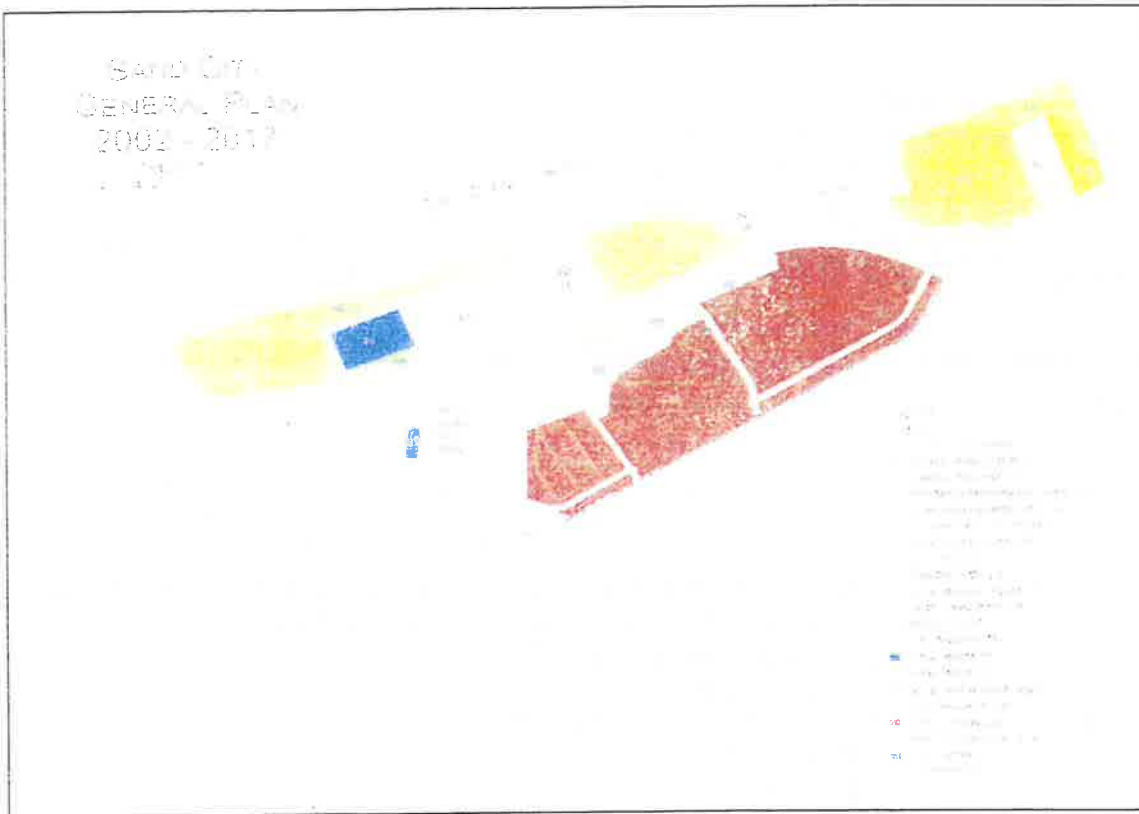


# APN MAP



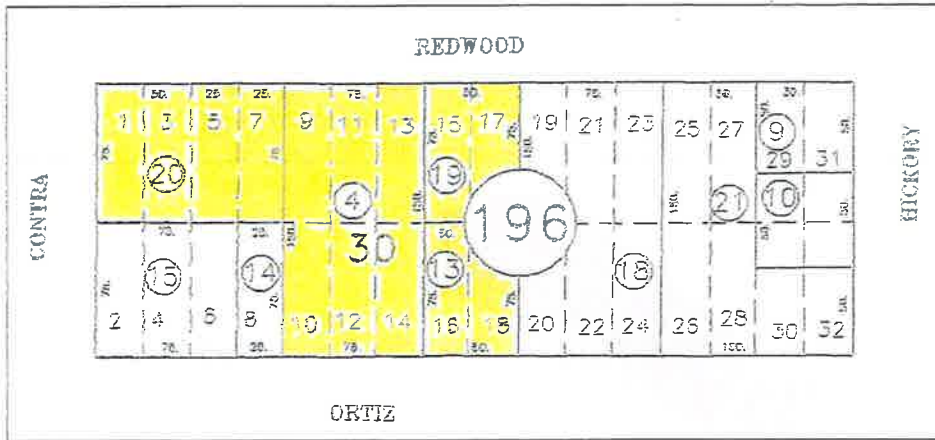


# GENERAL PLAN & ZONING MAPS



There are inconsistencies between the uses shown on the Zoning Map and the General Plan Map and by law the General Plan Map supersedes the zoning designations.

**SITE IDENTIFICATION**



The subject consists of a total of 14 lots that have frontage on three streets.

**Locational Information**

Location: The subject is located with frontage on Ortiz Avenue, Contra Costa Street, and Redwood Avenue in Central Sand City.  
 Property: 537 Ortiz Avenue, Sand City, CA  
 Development Name: Carroll Property  
 Assessor's Parcel Number: 011-196-004, 013, 019 & 020  
 Map Latitude: 36°36'44.48"N  
 Map Longitude: 121°51'5.76"W

**Zoning**

Zoning Classification: MU-P  
 Zoning Description: Planned Mixed Use Development  
 Zoning Change Likely: No  
 Zoning Comments: The zoning ordinance states that all legal businesses and uses existing within the MU-P district at the time of the adoption of this ordinance shall be considered permitted uses, but only on the sites they currently occupy. All businesses and uses with existing conditional use permits at the time of the adoption of this ordinance shall be allowed to continue as a use permitted by conditional use permit, and only on the site they currently occupy.

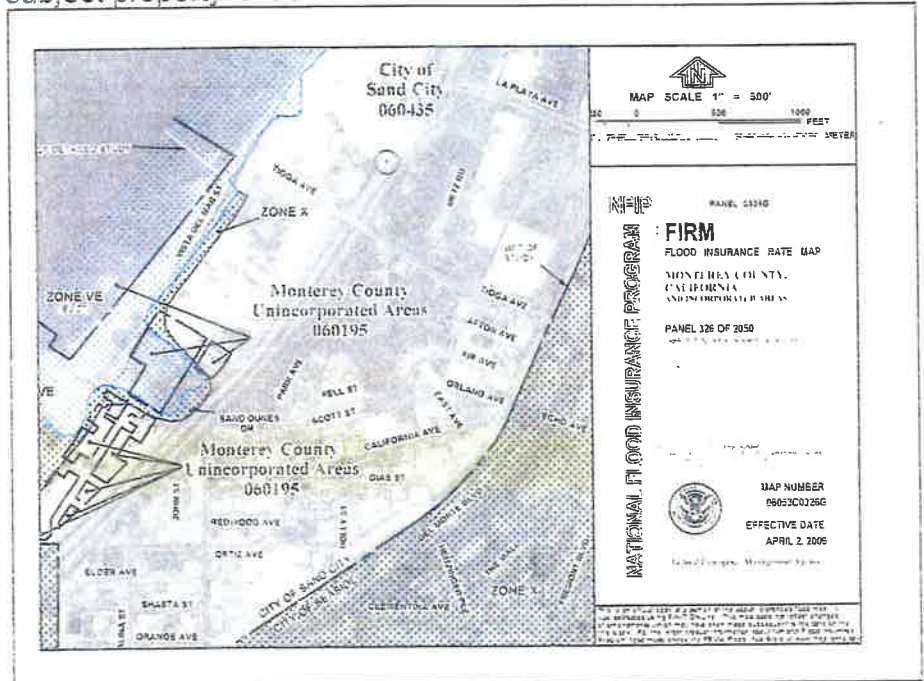
**Utilities at Site and Improvements**

Water: Available  
 Sewer: Available  
 Electricity: Available  
 Natural Gas: Available  
 Telephone: Available  
 Cable TV: Available  
 Adequacy: The subject's appeal and developability is in part based on the availability of city services. Historically, development has been controlled by the ability to connect to water with a sufficient supply to meet the needs of the proposed use. The development of the desalination plant in Sand City has provided a source of water which allows for development of vacant land and the intensification of existing uses which was not available prior to 2010. While minor

development has occurred since the certification of this water source, there has been minimal application of new water uses which is judged to be due to the recessionary market conditions. The subject property as one or multiple building sites is reported to have access to the necessary services for full development.

**Land Information**

Land Area (overall): 26,250± sq. ft.  
 APN: 011-196-004 11,250± sq. ft.  
 APN: 011-196-013 3,750± sq. ft.  
 APN: 011-196-019 3,750± sq. ft.  
 APN: 011-196-020 7,500± sq. ft.  
 Shape: Rectangle  
 Terrain/Topography: Level (retained along Redwood Avenue)  
 Access: Average  
 Visibility: Average  
 Seismic: Typical for area - All of Central California is subject to earthquakes. Monterey County and the Monterey Peninsula have known faults which at some point may be the location of an earthquake. However, to this point in time this factor has not affected real property value in the subject area.  
 Soil Conditions: Assumed to be adequate for development.  
 Flood Plain: According to Flood Insurance Rate Maps, published by FEMA the subject property is located in Zone "X".



Drainage: Assumed to be adequate, although an inspection was not made during a heavy rain period.  
 Title Report: No title report was available for review by the appraiser. As such, the appraisal is based on the assumption that there are no negative title issue that would affect value.  
 Easements/Encumbrances: There are no known adverse encumbrances or easements.

**Environmental Hazards:** There are no known environmental hazards other than those that might exist in an industrial neighborhood. It is assumed that there are no hazards on site.

**Wetlands/Watershed:** N/A

**Site Improvements:** The subject is improved over virtually 100% of the land area. The site is fenced which includes concrete block retaining walls that allow the site to be effectively level while having an elevation differential along Redwood Avenue.

### Site Summary

The subject property consists of 14 lots that are theoretically developable as individual parcels. The zoning is intended to provide for future development which is to be mixed uses primarily with residential above commercial uses. Existing uses can remain and in some cases expand.

The highest and best use of the subject property may have a different short term or interim use that differs from future long term planning supported by current zoning. The size and use of the subject property are issues to be discussed and analyzed in the highest and best use section.



## IMPROVEMENT DESCRIPTION



Front View



Side and Rear View



Interior – Rear Door



Interior View – Upper Floor



Office Areas



Interior of Shed (dirt floor)

### Improvement Information

#### Overview:

The subject building is a metal "Butler" building that has a wood frame office area along the northern wall. The office areas were all locked (appeared to be secured from the inside). Those areas with windows were viewed and they reflected low cost construction in average or less condition. The restroom area was (locked not visible) and was not inspected. It is assumed that the facility consists of two fixtures.

#### Building Class:

"S" – Steel Building

#### Number of Buildings:

One (There are two sheds located on site which are judged to contribute minimally to the utility and value of the subject property).

#### Construction Quality:

Average

#### Appeal and Appearance:

Average

#### Year of Construction:

1977±

#### Condition:

Fair/Average

#### Metal Building Area:

1,920± sq. ft. (Approximately 40 foot in depth by 48 feet in width)

#### Shed Building Area:

475± sq. ft.

#### Building Description:

The building has one 12'x14' rollup door at the front of the building and two 12'x14' rollup doors at the rear of the building. There is a single pedestrian door at the front but no other access door(s) in the building which limits the utility of the building "as is" to fair/average. There are office areas both on the first and second floor which are approximately eight feet in width. The second floor is served by an open stairway. The area of the lower floor office is 273± sq. ft. with 304± sq. ft. on the upper floor. Should an exact measurement be required, a surveyor, engineer or architect should be employed to produce those calculations.



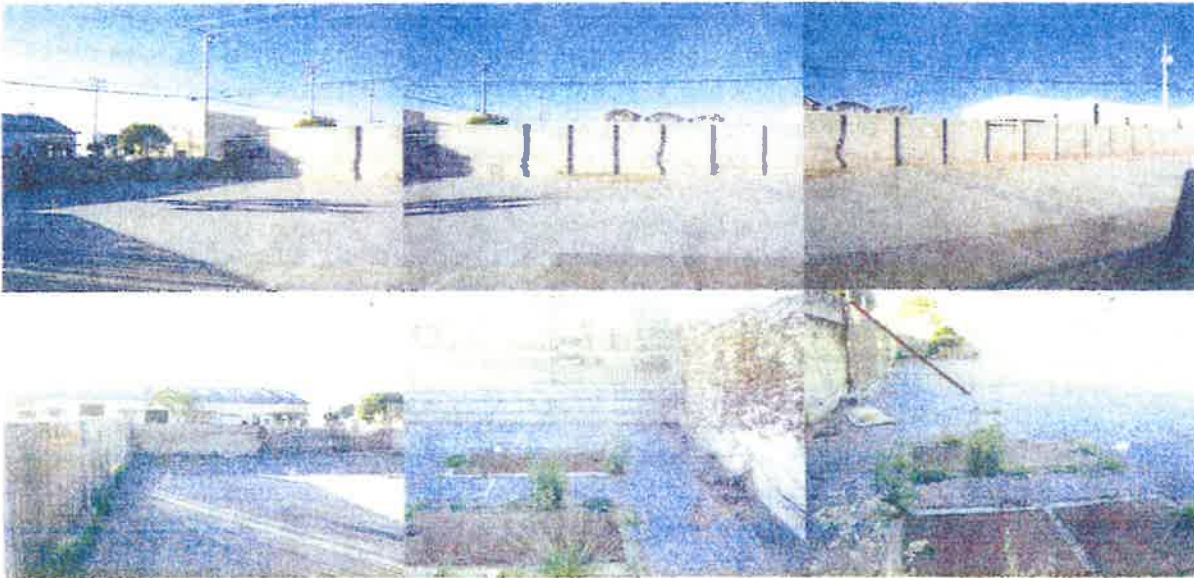
## Foundation, Frame & Exterior

Foundation:	Concrete Slab
Structure (frame type):	Engineered Steel
Exterior Walls:	Factory painted corrugated metal siding on three sides and a concrete block fire wall on the property line to the south.
Wall Heights:	19'10"± side wall heights (offices 8± feet)
Windows:	Four small exterior windows
Roofing:	Metal with skylights
Roll-up Doors:	(3) 12'x14' (all have motorized openers)
Special Features:	None

## Condition

Design & Functional Utility:	Average/Fair
Deferred Maintenance:	Exterior of building shows signs of rust and some panels have dents. The rear rain gutter has holes and areas along the top and bottom edges of wall panels need to have rust treatment and the overall exterior is in need of painting.
Hazardous Substances:	Please reference the Limiting Conditions and Assumptions section of this report on 56.
Effective Age:	30± years "as is". However, repair of the gutters and painting of the exterior would reduce the effective age and extend physical life.
Remaining Useful Life:	Assuming prudent management and proper maintenance of the improvements the physical life can be extended. The economic life of the improvements may be shortened if the site is redeveloped.

## Site Improvements



Landscape and Hardscape:	The site is paved with either concrete flatwork or asphalt paving. Part of the site is fenced with chain link fencing with wood slats and other areas have concrete block walls that serve in part as retaining walls. Overall the paving appears to be in average condition, but there are some areas of damage to the block walls. It is assumed that the walls remain structurally sound and that the damage is cosmetic. Also noted there are two vaults located in the front corner.
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**Parking:**

of Lot #1. There use is unknown and it is assumed that there was no hazardous chemicals or materials associated with their prior use. There are unlined parking spaces located along the front of the building. The overall site is capable of being used for parking or open storage. Overall, the parking lot surface is in average condition.

**Americans with Disabilities Act (ADA) of 1990**

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines became effective on various dates between 1990 and 1997. Stephen Brown Associates, Inc. has not made a determination regarding the subject's ADA compliance or non-compliance. Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal. However, based on the age and quality of the improvements it is judged that the existing second floor office and restroom improvements are unlikely to meet ADA standards.

**Building Improvement Summary**

The subject property is underimproved given that there is a 1,920± sq. ft. building on a 26,250± sq. ft. site. The building has average overall functional utility, but has limited amenities. There are two small sheds located at the rear of the property which may provide some service to various uses, but are judged to contribute minimally if any to the overall property.

## VALUATION PROCEDURES AND METHODOLOGIES

As a part of the typical valuation process, the appraiser inspects the subject and surrounding properties, the neighborhood, and the comparables. The highest and best use is analyzed and estimated for the subject, both as vacant and as improved.

A search for comparable land sales was made for similar land sales as recent as possible to the date of appraisal with similar potential. The most comparable sales were then selected from those transactions to bracket the subject's opinion of value.

The Cost Approach is based upon the premise that a prudent buyer will pay no more for a property than it would cost to reproduce or replace a substitute property with the same utility.

The site value is based upon a vacant site being used to its highest and best use. Replacement or reproduction cost new can be derived from reliable cost manuals or from interviews with reputable local contractors. Depreciation can be from physical, functional, or economic causes. Depreciation is estimated from information developed from the market by observing comparable properties. The validity of the resulting opinion of value is impacted to varying degrees by the accuracy of the cost estimates and the depreciation estimate. This approach is most suitable where improvements are newer and represent the highest and best use of the land.

The Sales Comparison Approach relies heavily upon the principle of substitution. Recent sales of similar properties are gathered and a meaningful unit of comparison is developed. Then, a comparative analysis is conducted between the comparable data and the subject, which involves consideration for differences in location, time, terms of sale, and physical characteristics. The reliability of the Sales Comparison Approach depends, to a large extent, upon the degree of comparability between the sales and the subject.

The Income Approach to value is predicated upon the relationship between income and value. This appraisal technique converts anticipated annual net income into an indication of value. The net income attributable to the subject property is estimated by subtracting vacancy, collection losses, and expenses from the property's annual potential gross income. The reliability of the Income Approach depends upon the reliability of income and expense estimates, the duration of the net annual income, the capitalization rate or factor used, and the method of capitalization.

The Final Reconciliation is the process of measuring the strengths and weaknesses of each method.

Part of the three traditional approaches will be used in the subject's analysis. The most informative and best supported method is judged to be the Direct Comparison Approach, which is the approach most relied upon by knowledgeable buyers in the local market place. While the Cost Approach is generally less meaningful as the existing improvements age, the limited local comparable data available for use in all three approaches compels the appraiser to complete each approach to produce a value range from which the final reconciled value will be estimated.

## HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined as "the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value."<sup>7</sup>

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive:** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

### Highest and Best Use as Vacant

The first question to be answered is whether the land should be developed or left vacant. If development is appropriate. The second question is then determining what kind of improvements should be built. The issue of zoning is judged to be the first control of the land to be analyzed. The current zoning is MU-P Planned Mixed Use Development and the following paragraphs have been reproduced from the zoning ordinance as they represent the guidelines for development.

### Chapter 18.13

#### MU-P PLANNED MIXED USE DISTRICT

**18.13.010 Purpose.** The purpose of the MU-P district is to: (a) implement the Sand City General Plan land use policies relating to the mixed use classification illustrated on the General Plan Diagram; (b) encourage development and redevelopment of mixed residential, commercial and light-industrial uses that ensure land use compatibility; (c) encourage the creation of living wage jobs; (d) provide for the continued availability of light manufacturing and commercial businesses; (e) provide opportunities for office development where it will not unduly interfere with light manufacturing and commercial uses; (f) allow on-site ancillary retail use to maintain and enhance the economic viability of manufacturers, artists and artisans in the district; (g) allow buildings and site areas where living and working environments can be combined in an effort to reduce work commutes and provide for a more lively area of town; and (h) establish a conditional use permit procedure for all new and proposed commercial, light industrial and residential uses within the district to insure land use compatibility and real estate marketability.

**18.13.020 Principal Permitted Uses.** Principal permitted uses in the MU-P district are:

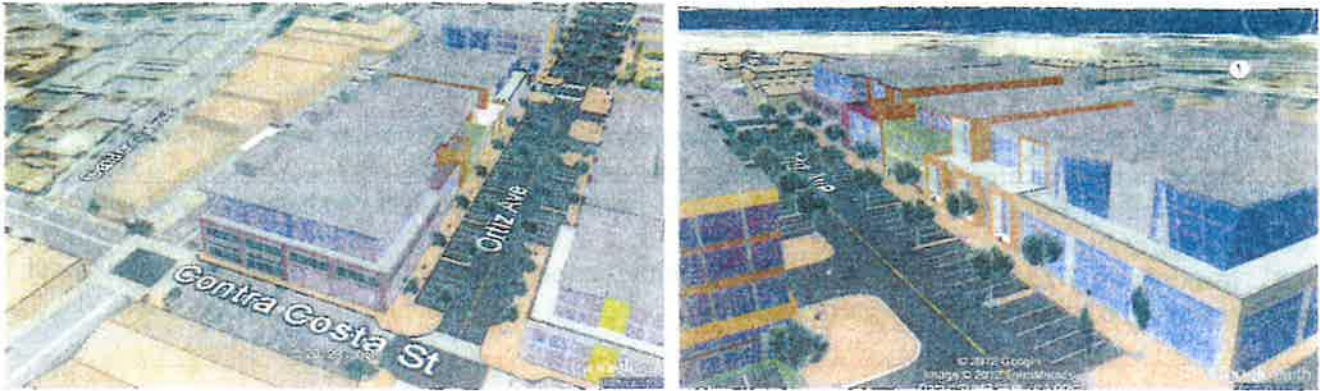
A. All legal businesses and uses existing within the MU-P district at the time of the adoption of this ordinance shall be considered permitted uses, but only on the sites they currently occupy. All businesses and uses with existing conditional use permits at the time of the adoption of this ordinance shall be allowed to continue as a use permitted by conditional use permit, and only on the site they currently occupy. Expansion of any of these uses beyond their current locations will require conditional use permit approval by the City Council and will be subject to the MU-P development standards and land use compatibility requirements.

B. Expansion of existing commercial and industrial uses on-site or substantial remodeling or renovation resulting in more than a twenty-five percent (25%) increase in floor area or building coverage shall require the issuance of a conditional use permit and will subject the entire commercial or industrial use to the current site development standards of the MU-P district.

<sup>7</sup> *The Appraisal of Real Estate* 13<sup>th</sup> Edition, Pages 277-278, Appraisal Institute



The following illustrations are from the City website and they show an artist rendition of what development could be on the subject block. However, there is no plans for public redevelopment.



This Google Earth enhanced visual simulation represents a future West End district street scene where the City's Parking Plan and General Plan are being implemented. Along with more mixed use and live work units, plans also include the availability of public parking structures. Our plans also call for perpendicular parking along many of our streets, with increased landscaping and pedestrian amenities such as ornamental street lighting and "nooks and crannies" for pedestrians to sit and catch some local flavor.

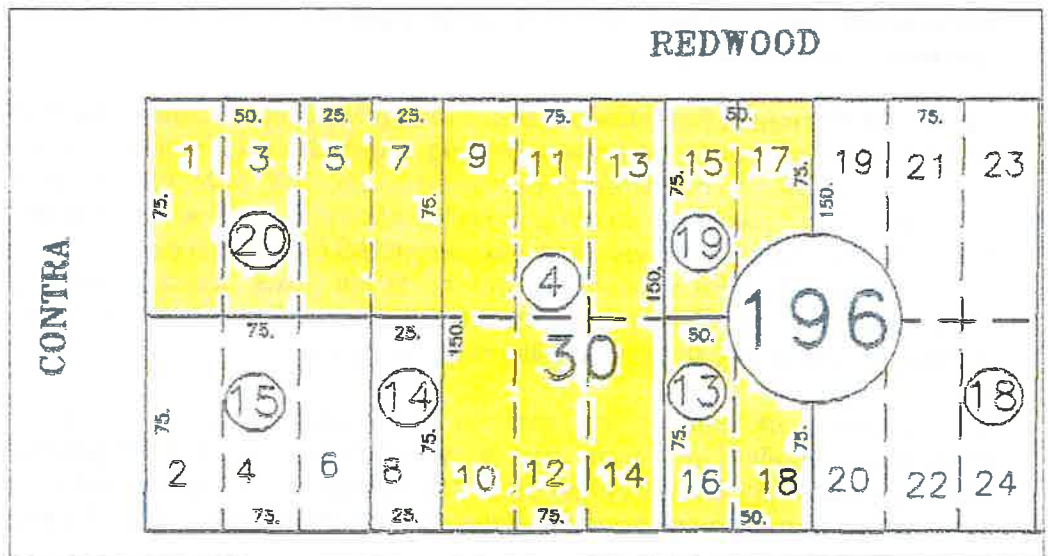
Be part of Sand City's goal to create a vibrant and sustainable downtown. This simulation will allow you envision a portion of the "New West End" district where mixed use development, artists galleries, lofts, on street parking, and a pedestrian oriented streetscape will transform an old warehouse district over time. To be a part of this exciting new project, please contact Connie Horne.

**"As if Vacant"**

The subject consists of fourteen (14) lots all assumed to be legal lots of record each having dimensions of 25 foot widths and 75 feet of depth (individual lot area of 1,875± sq. ft.). Historically development could have been created on individual sites some of which were residential development and others were light industrial in usage. Today, development is controlled by the general plan and zoning designations and currently the minimum lot size for newly created lots for non-residential use is 3,750 sq. ft. The zoning does not have a minimum setback for front, side or rear yards and zoning indicates these issues are to be approved by site plan review by the City Council. The zoning allows for maximum height of sixty feet (60 feet).

"As if" vacant, the entire site might be sold off as one parcel. However, due to the scarcity of land in Sand City a greater

sum may be achieved by selling separately. The 14 lots allows for numerous configurations which might include the combination of APN's 011-196-013 and 019 producing a 50 foot by 150 foot parcel with access along Ortiz Avenue. The existing building "as improved" would be located on a separate parcel APN 011-196-004 which is 11,250 sq. ft., but as



will be illustrated in the Sales Comparison Approach, the subject building could easily be sold with only lots #10 and #12 which totals 3,750 sq. ft. and be consistent with the land to building allocations



of the comparable data. Should this occur, then lots #9, #11, #13 and #14 could be combined with the sites on either site. APN 011-196-020 would be a corner parcel with 7,500± sq. ft. and could be joined with #9, #11, #13 but such a configuration would have a 75 foot width and 175 feet in depth and have street level access only across Lots #1 unless the rear of the site provides street access to the second story of the building should the Redwood Avenue elevation allow. There are other configurations that could be achieved which appear reasonable if the site were not retained as one overall parcel. Logic would suggest that the sale to the adjoining existing property owners may produce the highest price for those portions of the larger parcel because that land would adjoin their existing fully developed sites as each has no other option to expand the size of its site.

As a final note regarding land value, for some types of improved property, improved property can have demand that creates greater than typical entrepreneurial profit which some market participants might allocate part or all as a premium to the land.

### **Highest and Best Use as Improved**

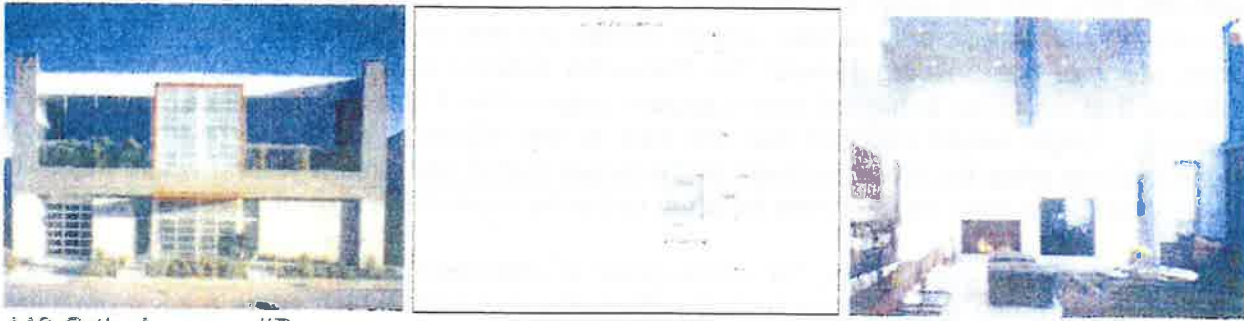
The third question that applies to the highest and best use study is: Should the existing improvements on the property be maintained in their current state or should they be altered in some manner to make them more valuable?

As stated prior, as improved the development underutilizes the overall site. The demand for open storage of materials, vehicles or other uses that require paved and fenced areas has waned since the peak of market activity during 2004-2006 as most of those types of uses were associated with construction. The recession that followed the housing market collapse was followed by business failure and retirements or general contraction of facility requirements which dramatically reduced demand along with the ability to pay. As such, demand for buildings with larger storage yards has been reduced as have their rental rates.

This produces the question of who is the probable user under current market conditions. As illustrated prior, the City envisions redevelopment with a more vibrant community from increased residential development. The City has been fostering the concept of an "artist community" where "live work" properties become the norm and over time this may occur. However, this would require the transformation from light industrial uses which include auto repair, warehousing and storage which could cause some displacement as the area gentrifies. Such a process may require an extended period of time as Sand City is effectively the industrial community for the Monterey Peninsula as Monterey has reduced over time the area were like uses are allowed and Seaside with the exception of the automotive industry has few areas for light industrial or manufacturing uses.

As such, in the interim (which could be 20± years) there is reasonable expectation that existing uses will remain. In the case of the subject building, it is 1,920± sq. ft. with an additional 300± sq. ft. of second floor office or enclosed storage area. With wall heights of nearly 20 feet the building has sufficient volume that could support a full second floor if the lower floor was to be limited to a standard ceiling height of eight feet. However, as a metal building with single wall construction, the conversion of the upper floor to living area has some obstacles that would not be faced by conventional wood framing or concrete construction which limits its potential for a conversion of usage.

The following is an example of a "live - work" space located in Sand City. This is an example of a modern and high quality property.



440 Ortiz Avenue, #B

Architectural Digest featured architects loft residence is beyond cool. The Jerrold Lomax loft displays his signature expression of volume, fine details and sustainable materials. Walls of glass, front/rear decks, grooved saw-cut concrete flooring, radiant heat, chef's kitchen, 8ft. interior doors, Japanese soaking tub, custom cabinetry, MBR fireplace; a modern contemporary work of art.

This property is a mixed use property where there is a residential dwelling above a ground level commercial/light industrial usage. The current asking price for one of the dwellings is \$750,000 down from an initial asking price of \$1,095,000 after 554 days on the market. The price per sq. ft. based on the current asking price is \$325.10±. It is not know what has kept this property from selling given its quality, but it appears that current market conditions would not currently support new mixed use development of the subject's overall site.

#### Conclusion

The subject building is judged to have sufficient physical and economic remaining life to produce income to the land. However, it is unlikely that there is economic demand for a building of its size on the overall site of 26,250± sq. ft. to produce the maximum return to the land (highest potential land value). The subject area is made up of owner occupied as well as rental properties. With many owners having long term ownership and no longer using the properties on a daily basis, it is difficult to determine actual vacancy. However, what is known is that some multiple tenant properties have had long term vacancies or revolving vacancies suggesting that the Sand City rental market is weak like other competitive light industrial markets in Monterey County. As such, the vacant improved land could produce an income from either short term parking or from open storage both of which are interim uses.

Current market conditions provide for limited potential for financing new construction and that suggests that there would be minimal demand for the intensification of use from the development of new building improvements. Conversion of the upper floor to residential usage is unlikely due to the quality and type of construction even though the City desires mixed use development.

The "as is" value of the subject recognizes that the overall property is capable of producing "carrier" income until redevelopment is economically warranted. However, there is risk of vacancy and the requirement of management associated with developing an income stream from the overall property. This leads the appraiser to the question of the sale as multiple parcels.

Recognizing risk before in terms of vacancy and other issues is related to the larger property. However, the selloff as smaller parcels has a different associated risk in that there is no guarantee which parcel will sell as what point in time. One unknown is if the adjacent property owners would want to acquire adjoining additional land to enlarge their holding given that it could be a one time opportunity. Such sales could reduce the time necessary to liquidate the overall property.

Since there is limited guidance that can be extracted from sales activity, the appraiser will analyze the land in whole and as individual parcels previously defined and in the reconciliation of the report will further discuss the issue of Highest and Best Use as warranted.

### **Local Market Data**

Applying the prior analysis to the market data is somewhat difficult due to the limited number of sales. In the following sections the land and improved property values will be estimated based on the analysis of market data. Of concern is the limited amount of data. Over the past 10± years a local real estate developer has been assembling land mostly in the area known as South of Tioga. Most of these sales are judged to be misleading in terms of reflecting "normal or typical" market motivations. The reason is that the buyer was assembling land to produce a more intensive use of the land or a new highest and best use. The result of assemblage is often purchase prices that individually do not represent the market value for that particular property, but the transactions are completed under the theory that when finished the superior usage of the assembled land will increase the value overall sufficiently to warrant the costs of assemblage. A byproduct of such sales is that it can influence asking prices for parcels outside of the assemblage area, as other property owners equate the prices of the assemblage sales with market value. Such is the case with the subject market. This developer has been unable to complete assemblage and redevelop the land to this point and as such the purchase prices may greatly exceed the value of the individual parcels under current market conditions.

Of the sales that have occurred that were not part of the assemblage project, there are three small industrial property sales that have occurred since 2010 that might be considered as "anomalies". Two have reportedly been purchased by a car collector for the purpose of storing their car collection. The third is a sale that has recently closed that was not formerly exposed to the market for sale but offers a "work-live" unit and that buyer is also reported to have a car and motorcycle collection.

The analysis of these three sales may suggest that the Sand City market has regained its strength as shown by the price per sq. ft. of these sales. However, this appraiser is concerned that the highest and best use of these properties differs from many other properties. Each of these properties has relatively high building to land ratios which would compare to the subject if its value is based on a similar building to land ratio.

## COST APPROACH

The Cost Approach to value estimation involves a summation of separate value estimates of site and improvements. This approach is based on the principle of substitution which states that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process. The Cost Approach tends to set the upper limit of value before depreciation is considered. The applied process is as follows:

The first step in the Cost Approach is to estimate the land value according to its Highest and Best Use. We have used the Sales Comparison Approach for land value.

The second step is the estimation of the new replacement cost of the building and site improvements. Followed by an estimate of the physical, functional and/or external depreciation accrued to the improvements. The conclusion is the sum of the depreciated value of the improvements and the value of the land. Typically this approach would not be completed for the subject property due to the age of the improvements and the building to land ratio. However, as stated numerous times in the report, the lack of current market data mixed with the uncertainty of the level of recovery from the recession increases the difficulty in estimating current values.

### Land Comparables

From all of the sales and listings researched for this analysis, the appraiser has produced the following examples. What can be seen is the historical increase and decrease in asking prices. At the lowest point in the most recent market, which is judged to be around December of 2009, the market values could have been as low as found more than a decade earlier. Since that time, some increase in value is likely to have returned to the market, but vacant land unlike improved properties most typically does not have a long term economic return. Additionally, vacant land unlike improved properties is more difficult to finance and requires greater equity participation (down payment). Thus, recessionary market conditions typically restricts the sales activity and depresses current land values.

The first of the comparables is a property that is located one block from the most recent improved property sale on Dias Avenue. The significance of this comment is that the appraiser has detected that different types of properties can be affected differently by supply and demand characteristic within the same neighborhood. In this case, undeveloped land has limited if any demand while specific types of improved properties appear to have good demand.

Comp. #	APN / Address	Sales Date	Doc. #	\$PSF
#1	APN 011-194-002 and 003 636 Dias Avenue	1/10/2005	MLS #80833516	\$66.67±
		10/31/2011	MLS #81130219	\$39.11±

This property based on its original listing consisted of three lots totaling 5,625± sq. ft.; one of which had a small mobile home. The owner explored the development of a mixed use property with preliminary plans, but no approvals. The property was listed for sale at \$575,000 on 1/28/2008 and expired 8/1/2008. The property was relisted at \$525,000 on 9/11/2008 and was reduced four times since the original listing, expired and then was relisted again at \$375,000. As of August 27, 2010 the listing expired at \$300,000 and the size of the site had been reduced to 5,322 sq. ft., but based on the Assessor the size is 5,625 sq. ft. In July 2011, the property was relisted for \$250,000 and was reduced to \$220,000 shortly after and then expired. The property had been transferred back to the original seller prior to the expiration of the listing in what appears to be some type of foreclosure proceeding.



MLS #	Change Date	Type	Old Value	New Value	Broker Code	List / Sell Office
<a href="#">81130219</a>	10/31/2011	Status	A	E	M5230.1	Mid-Coast Investments
<a href="#">81130219</a>	07/31/2011	List s	\$250,000	\$220,000	M5230.1	Mid-Coast Investments
<a href="#">81130219</a>	07/09/2011	Status		A	M5230.1	Mid-Coast Investments
<a href="#">81130219</a>	07/09/2011	List s		\$250,000	M5230.1	Mid-Coast Investments
<a href="#">81042490</a>	06/28/2011	Status	A	E	M5230.1	Mid-Coast Investments
<a href="#">81042490</a>	05/24/2011	List s	\$320,000	\$300,000	M5230.1	Mid-Coast Investments
<a href="#">81042490</a>	05/11/2011	List s	\$330,000	\$320,000	M5230.1	Mid-Coast Investments
<a href="#">81042490</a>	03/23/2011	List s	\$350,000	\$330,000	M5230.1	Mid-Coast Investments
<a href="#">81042490</a>	08/27/2010	List s	\$375,000	\$350,000	M5230.1	Mid-Coast Investments
<a href="#">81042490</a>	08/27/2010	Status		A	M5230.1	Mid-Coast Investments
<a href="#">81042490</a>	08/27/2010	List s		\$375,000	M5230.1	Mid-Coast Investments
<a href="#">80833516</a>	03/01/2010	Status	A	E	M5230.1	Mid-Coast Investments
<a href="#">80833516</a>	01/06/2010	Status	E	A	M5230.1	Mid-Coast Investments
<a href="#">80833516</a>	01/05/2010	Status	A	E	M5230.1	Mid-Coast Investments
<a href="#">80833516</a>	12/09/2009	List s	\$395,000	\$375,000	M5230.1	Mid-Coast Investments
<a href="#">80833516</a>	12/09/2009	Status	E	A	M5230.1	Mid-Coast Investments
<a href="#">80833516</a>	12/02/2009	Status	A	E	M5230.1	Mid-Coast Investments
<a href="#">80833516</a>	10/30/2009	List s	\$445,000	\$395,000	M5230.1	Mid-Coast Investments
<a href="#">80833516</a>	01/14/2009	List s	\$495,000	\$445,000	M5230.1	Mid-Coast Investments
<a href="#">80833516</a>	10/30/2008	List s	\$525,000	\$495,000	M5230.1	Mid-Coast Investments
<a href="#">80833516</a>	09/11/2008	List s		\$525,000	M5230.1	Mid-Coast Investments
<a href="#">80833516</a>	09/11/2008	Status		A	M5230.1	Mid-Coast Investments
<a href="#">80774755</a>	08/01/2008	Status	A	E	M5230.1	Mid-Coast Investments
<a href="#">80774755</a>	01/28/2008	List s		\$575,000	M5230.1	Mid-Coast Investments
<a href="#">80774755</a>	01/28/2008	Status		A	M5230.1	Mid-Coast Investments

Document Number:	2005002804
Document Date:	01/10/2005
Pages:	2
Document Type:	006 - Deed
Reel Page:	NA NA
Parcel Number:	011194007
Transfer Tax:	\$552.00 - Sand City
<hr/>	
Grantor Names	Grantee Names
HUBBARD ROY K TR HUBBARD FAMILY REVOCABLE TRUST	SAN CARLOS INVESTORS LLC

Document Number:	2011045314
Document Date:	08/19/2011
Pages:	2
Document Type:	022 - Trustee Deed
Reel Page:	NA NA
Parcel Number:	011194002000
Transfer Tax:	NA
<hr/>	
Grantor Names	Grantee Names
FIRST AMERICAN TITLE COMPANY TRUSTEE SAN CARLOS INVESTORS LLC SAN CARLOS INVESTORS	HUBBARD ROY K TRUSTEE HUBBARD JEANNE E TRUSTEE HUBBARD FAMILY REVOCABLE TRUST

The prior owner purchased the subject for \$320,000 (\$56.89± per sq. ft.) in January 2005. Important to that sale was that these sites were once served by water from three residences, which added dramatically to the appeal for immediate redevelopment at the time of the purchase. While an active listing, this property showed no potential to achieve a sales price anywhere close to its original sale and most of the reduced asking prices even though that owner had preliminary plans for a mixed use development of 1,700 sq. ft. of ground floor commercial space with (2) two bedroom and one bath units above. Additionally, any benefit that this property might have enjoyed due to historic water use was of no real contribution once the desalination plant became operable.

The final listing had a price of \$250,000 reflecting \$44.44± per sq. ft. and then the reduction to \$220,000 produced an unsuccessful asking price of \$39.11± per sq. ft. which is judged to exceed its current value. Having been purchased in 2005, the price by current standards is judged to have been inflated. Some properties purchased in that time frame have suffered losses of 50% or more and if that were applied to the prior sale price as an adjustment the result would be an adjusted price of \$28.44± per sq. ft.

**Comparable Sales Data**

A search was made of the local market for sales, listings (active and expired) to help bracket a reasonable value range for the subject. The following array of sales spans 15± years which is judged to represent three different business cycles not all of which are comparable to the subject, but cumulatively help the appraiser better estimate the current value. It is from this study that the



appraiser can analyze the relationship of prior sales, changes in current market conditions and ultimately form an opinion of the subject's current value.

Comparables #2 and #3 are part of the previously discussed assemblage project. They have been analyzed as part of the overall market analysis.

Comp. #	APN / Address	Sales Date	Doc. #	\$PSF
#2	011-123-006 Afton Avenue	11/9/2007	2007085012	\$40.00±

The reported sale price was \$90,000 which reflects a price per sq. ft. of \$40.00 per sq. ft. The timing of the sale was at the end of the business cycle. Of significance regarding the price paid for the property is that it was above its market value which was likely because the seller was aware that the developer was assembling land. Under market conditions as of the date of sale, this property is judged to exceed the upper end of the value range even before consideration of location and lack of a paved street. When compared with market conditions existing as of November 2012, the price paid is judged to be well above its current market value if sold to a buyer for use other than "assemblage".

Comp. #	APN / Address	Sales Date	Doc. #	\$PSF
#3	APN 011-122-001-004, 024- 027 808 Tioga Ave	1/26/2006	2006007714	\$20.83± plus Demolition

This property was improved, but the improvements were not judged to contribute to the overall land value due to their condition. However, there was reported to be an existing water entitlement of .165 acre feet which was an enhancement. The location is along Tioga Avenue a paved street, but some of the sites also have frontage along an unimproved section of Afton Avenue. The sale consists of 10 lots with a total estimated area of 25,209± sq. ft. The reported sales price of \$525,000 reflects a price of \$20.83± per sq. ft. prior to demolition. This property as well as Comp. #2 are part of the DBO assemblage, but the price for this sale did not appear to be affected as observed in Comp. #2.

#### **Changing market conditions (variations of size, location and water credits)**

The market for vacant development land in the Sand City area has shown some volatility in price over time. Some of the volatility is explained by the amount of water credits or lack thereof and by changing demands related to expanding and contracting business cycles. The followings sales show some of these variations. Comps. #4 and #5 were reportedly sold without enough water for development with building improvements. Comp. #6 sold with water, but was a difficult lot for development due to issues related to retaining walls and limited access. Additionally, during early 2000 the stock market had corrected in what was known as the Dot.com bust which also impacted real estate values during the 2000-2003 period. Comps.#7 and #8 by comparison showed values related to developable properties with Comp. #7 being the best location and at the peak of a market period. Comp. #9 again shows that location, accessibility and lack of water reduced values and appeal dramatically. The ultimate buyer of Comp. #9 was a local property owner and this land adjoined his property making him a highly probable buyer.

Summary of these comparable properties are shown on the following pages.

Comp. #	APN / Address	Sales Date	Doc. #	\$PSF
#4	011-122-008+ 848 Tioga Avenue	7/30/2001	2001062901	\$13.00±

This property consists of 38,250± sq. ft. and sold for \$497,500 which reflects \$13.00± per sq. ft. Included in this sale are 7 lots with some improvements. To the purchase price some additional costs should be assigned for demolition. However, overall the price as a cleaned lot is judged to be \$14.00 per sq. ft. or less. This project did not have sufficient water to develop the overall property.

Comp. #	APN / Address	Sales Date	Doc. #	\$PSF
#5	011-194-001 600 S. Dias Avenue	6/21/2001	200105033	\$10.00±

This property was listed for sale at the asking price of \$110,000 as of November 1995. Over time the property had differing asking prices, but ultimately sold to the City of Sand City for the price of \$75,000. The price reflects a site without water.

Comp. #	APN / Address	Sales Date	Doc. #	\$PSF
#6	011-187-004 Park Avenue	2/16/2001	200101090	\$18.69±

This property is located on a narrow sloping street. The site has a retaining wall along the east property line that has questionable engineering stability. The site sold for \$100,000 and the buyer received water credit for development.

Comp. #	APN / Address	Sales Date	Doc. #	\$PSF
#7	011-236-015 Orange Avenue/Contra Costa/ Shasta Avenue	5/26/2000	2000033425	\$21.33±

This property with 15,000± sq. ft. has three street frontages, is well located at the entry to Sand City and was relatively level. The property reportedly sold for the price of \$320,000 which is \$21.33± per sq. ft. This property is planned and approved for a two story mixed use project which will have 6,590 sq. ft. of commercial space on the ground floor and four apartments above which was designed to have 4,642 sq. ft. of living area. This site was better located than some of the other parcels, but also had a water allocation for development.

Comp. #	APN / Address	Sales Date	Doc. #	\$PSF
#8	011-237-028 1675 Contra Costa	9/17/1999	9969542	\$19.05±

This is the sale of a 9,134± sq. ft. corner site on the main street of town. The reported price was \$174,000± which reflects a price of \$19.05± per sq. ft. The site had approval with water allocation made to the seller which was transferred to the buyer. This site is located at a diagonal to Comp. #7 and its price which was 10±% less is judged to be due to both increase in value between the two sales, larger size of this site and superior location of Comp. #7. However, overall they support the low \$20.00 per sq. ft. range for land with sufficient water for economic development.

Comp. #	APN / Address	Sales Date	Reel-Page	\$PSF
#9	011-177-012 & 028 End of Redwood Avenue	7/7/2000	2000043118	\$10.00± Gross Area \$11.67± Net Area

This site had been listed for sale for a number of years. The most recent asking price for this site at the time of sale was \$350,000 which is its ultimate sales price. According to the listing broker the site is approximately 35,000± sq. ft. in gross area or 30,000± sq. ft. in net area when the area of the sand dune is deducted. The significance of this sale is that when compared to Comps. #8, #7 and #8, which had developability due to water allocations and were superior in location, it shows that land intended for longer term holding differs dramatically in price which in this case showed a 40+% discount.

Market Example – Seaside (Current Market Conditions – Extended Exposure)

Comp. #	APN / Address	Date	Doc. #	\$PSF
#10	011-028-001 2081 Fremont Blvd. Seaside	See Below	N/A	See Below

This property is located at the north end of Seaside at a prime intersection with good daily traffic exposure. The United States Bankruptcy Court has appointed a Chapter 11 Trustee in the case involving the bankruptcy estate of Estate Financial, Inc (debtor) the lender on this property.

The grid on the right shows the MLS activity from 2003 to 2010. Not shown in the grid is a listing at \$399,000 as well as further reductions because the property was not relisted on the MLS again. Since that time the property has been listed on Loopnet and the current listing is at \$150,000 or \$15.33 per sq. ft. While complicated by a bankruptcy, this property has had years of exposure without producing a sale.



Comp. #	Comp. #	Date	Doc. #	Price	Price/Sq. Ft.	Agent	Agent
00213444	07/01/2010	Status	A			M82.1	Mahoney & Associates
00533144	07/21/2009	Status	A			M82.1	Mahoney & Associates
00533143	07/21/2009	List S		\$599,000		M82.1	Mahoney & Associates
00521015	12/02/2008	Status	W			M7439.1	Carnal Crown Properties
00521012	10/30/2007	Status	A			M7439.1	Carnal Crown Properties
00521011	10/30/2007	Status	PR			M7439.1	Carnal Crown Properties
00521011	02/01/2007	Status	A			M7439.1	Carnal Crown Properties
00521011	01/25/2007	List S		\$2,300,000	\$2,500,000	M7439.1	Carnal Crown Properties
00521011	01/25/2007	List S		\$2,000,000	\$2,500,000	M7439.1	Carnal Crown Properties
00521011	01/25/2007	List A		\$2,750,000	\$2,500,000	M7439.1	Carnal Crown Properties
00521011	12/03/2004	Status				M7439.1	Carnal Crown Properties
00521011	12/03/2004	List S			\$2,350,000	M7439.1	Carnal Crown Properties
00321528	07/20/2004	Status	PH			M82.1	Mahoney & Associates
00321528	07/20/2004	Sold S			\$246,000	M82.1	Mahoney & Associates
00321528	07/20/2004	Status	A			M82.1	Mahoney & Associates
00321528	06/04/2003	List S			\$120,000	M82.1	Mahoney & Associates
00321528	06/04/2003	Status	A			M82.1	Mahoney & Associates
00321528	05/31/2003	Status	E			M82.1	Mahoney & Associates
00321528	05/31/2003	Status	A			M82.1	Mahoney & Associates
00321528	05/31/2003	List S			\$250,000	M82.1	Mahoney & Associates

Market Conditions – Time Adjustment



Comp. #	APN / Address	Date	Doc. #	\$PSF
#11	032-312-019 Reindollar Ave., Marina	See Below	N/A	See Below

This property sold in January 3, 2000 for the reported price of \$165,000 which is \$10.93± per sq. ft. (after dedication). The property resold March 18, 2010 at the same price. In 2007 the parcel was subject to an option by the adjacent improved property owner, but it was not exercised.

Comp. #	APN / Address	Date	Doc. #	\$PSF
#12	032-312-032 213 Reindollar Ave., Marina	See Below	N/A	See Below

This parcel is two lots west of Comp. #11. It was purchased on November 16, 2001 for \$175,000 or \$11.60± per sq. ft. The property was financed by a local bank, but suffered a notice of default in October 2003. An assignment of the Deed of Trust was made April 2006 and there was a substitution of Trustee. On January 26, 2012, the property was listed as a short sale at \$99,000 but was cancelled after 25 days on the market. It was taken back by foreclosure by a Trustee Deed on April 2, 2012 reporting the price to be \$60,000 with an outstanding loan from the buyer of \$57,500. On November 16, 2012 this property sold once again, this time at the price of \$89,500 to DBO Development with the seller continuing to finance \$57,500.

Sales #11 and #12 show the cross currents in the recent market. Sale #11 sold under recessionary market conditions after being offered to the market and provided sufficient exposure to find a buyer. There was no indication that the seller was under duress. The result of that sale suggests that there is some similarity between prices shown around year 2000 and under current market conditions. That was not the case for Comp. #12 where the owner had more than once been threatened with a trustee sale and ultimately the private lender acquired the property and then resold it. The price reported for Comp. #12 when compared to Comp. #11 was 45±% lower which is judged to be due primarily to distress showing an example of the volatility in the market.

### Reconciliation

There is a lack of true comparables that reflect the same market conditions as are currently being experienced and only older sales have some of the same locational appeal. One might ask how 11-13 year old sales can be used for comparison and an answer is that the rental income that a property if developed today is expected to produce is similar to that which would have been projected around 2001. While expectations rise and fall which affects required rates of return, when rental rates are similar and costs of construction are also similar, the developer or owner can pay only a certain amount for the underlying land value. This is an overriding factor which is judged to allow for the comparison because rental rates at the time of the appraisal are judged to be similar to those expected by buyers of land in the late 1990's and early 2000 timeframe. However, there is one difference when considering undeveloped land in that today construction financing is more difficult to obtain than the late 1990's and early 2000 period.

The appraiser is estimating the land value of the underlying land for the building as well as the remaining land so that the property can be valued as one overall holding and as separate parcels. There is judged to be a difference in the value of land that is vacant as opposed to land that is part of developed property under current market conditions in the Sand City market place. This is due to risk as there is substantially greater risk for vacant land than there is for land that is part of an improved property and that should be reflected in its value. This can be seen when it is considered that the underlying land for the subject building (3,750± sq. ft.) has instant utility supporting the building improvements which can be placed into production immediately. Vacant land often is in search of a

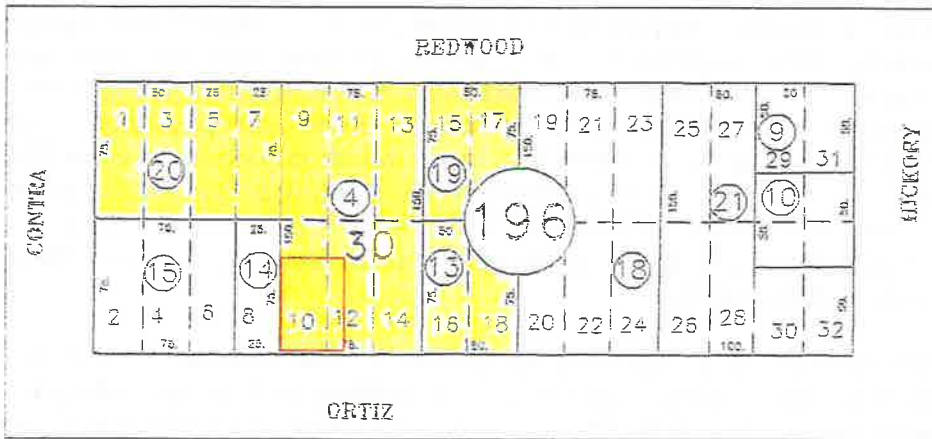


use, a user and then a plan to produce the development. Under poor economic conditions the value of such a parcel likely differs from an immediate adjacent equal parcel with a building that represents the highest and best use of the land. As such, the land not required for the building is considered as excess land that may receive a marginal return via monthly rental as storage space for an extended period of time until redeveloped, but would be expected to have a lower value than land under the improvements. This may be due to a sharing of the entrepreneurial profit that is created by the existing improvements when those improvements have demand either as a sale or as a rental.

**Sales Comparison Approach Analysis – Land Valuation**

Comparables #3, #7 (most comparable) and #8 are believed to be the best market data and they suggest a minimum current value of \$21.50 per sq. ft. for raw developable land. However, they are judged to set a value below that which is judged to apply to the subject as a 28,250± sq. ft. site with finished street frontages which include street, curbs, gutters and sidewalks. Additionally, the subject site is paved and fenced. The retaining wall along Redwood Avenue extends well above the street level creating a solid fence and the fence extends between Ortiz Avenue and Redwood Avenue. These on and off site improvements are judged to increase the value of the subject property and are costs of development faced by the three comparables previously mentioned. Considering the costs of providing these improvements, their condition and contribution to future development and the time and coordination required for installation, the appraiser has reconciled with an additional upward adjustment of 15% producing \$25.00 per sq. ft. At this point the \$25.00 per sq. ft. is being applied to the overall site without consideration of the existing building (to be considered in the final reconciliation section). This estimate produces a total of \$658,250 which is rounded to \$650,000.

However, the highest and best use is judged to be to sell the property in smaller parcels. Smaller parcels typically produce a greater price per sq. ft. than larger parcels. As stated prior, the greatest value is likely to be achieved from the adjacent property owners if they need to expand their ownership. However, as smaller parcels, more of the site improvements are likely to be reused and contribute to new construction. The value is judged to come from existing yard and site improvements that are retained and when combined with a smaller site size a further upward adjustment of 15% to 20% is judged as reasonable. When the adjusted base of \$25.00 per sq. ft. is adjusted upward 15%, the rounded figure is \$28.75 per sq. ft. and 20% produces an adjusted value of \$30.00 per sq. ft. This range will be applied to different areas of the subject site.



The underlying land value in the area of the improvements consists of 9,750 sq. ft. located on Lots #10 and #12. By the very nature of its site it has the greatest value per sq. ft. Additionally, after analysis it is judged to enjoy a premium because as developed the land is judged to share in the



entrepreneurial profit. For the 3,750± sq. ft. the appraiser has assigned \$40.00 per sq. ft. to be used in the estimate by the Cost Approach.

Lot # APN 011-196-040				
10	1,875	X	\$ 40.00	= \$ 75,000
12	1,875	X	\$ 40.00	= \$ 75,000
Allocation for Building				\$ 150,000

The corner site APN 010-196-020 has 7,500 sq. ft. and has an estimate of value at \$30.00 per sq. ft. or \$225,000. The interior parcel of APN 010-196-013 combined with APN 010-196-019 totals 7,500 sq. ft. is valued at \$28.75 per sq. ft. or \$215,650, rounded to \$215,000. This same rate applies to Lot #14 if attached to APN 010-196-013 or as an addition to the Lots #10 and #12. However, the remaining interior land areas have an estimate based on the adjusted price of \$25.00 per sq. ft. as they provide reduced utility. Calculations based on these estimates are located in the following grid.

#### Value Allocations

Lot # APN 011-196-020				
1	1,875	X	\$ 30.00	= \$ 56,250
3	1,875	X	\$ 30.00	= \$ 56,250
5	1,875	X	\$ 30.00	= \$ 56,250
7	1,875	X	\$ 30.00	= \$ 56,250
Sub Total				\$ 225,000
Lot # APN 011-196-013 & 019				
15	1,875	X	\$ 28.75	= \$ 53,906
16	1,875	X	\$ 28.75	= \$ 53,906
17	1,875	X	\$ 28.75	= \$ 53,906
18	1,875	X	\$ 28.75	= \$ 53,906
Sub Total				\$ 215,625
Lot # APN 011-196-040				
14	1,875	X	\$ 30.00	= \$ 56,250
9	1,875	X	\$ 25.00	= \$ 46,875
11	1,875	X	\$ 25.00	= \$ 46,875
13	1,875	X	\$ 25.00	= \$ 46,875
Sub Total				\$ 196,875
Total				\$ 637,500
22,500 PSF Avg.				\$ 28.33

## ESTIMATE OF REPLACEMENT COST NEW

The cost approach to value estimation involves a summation of separate value estimates of site and improvements. This approach is based on the "Principle of Substitution". The premise is that the informed buyer would pay no more for improved real estate than the cost to produce a substitute property. The main limitation of this approach is that it requires estimation of all accrued depreciation the improvements have suffered up to the date of valuation.

The Marshall Valuation Service provides such data for all types of commercial, residential, and farm buildings throughout the United States with adjustments for location, quality, and other factors. Experience with this cost source has indicated it to be reliable. An estimation of the replacement cost utilizing the Marshall Valuation Service was made as follows;

### Soft Costs

The soft costs that are judged as appropriate for the subject property have been estimated at 7% of the as new construction costs.

### Developer's Profit

This factor reflects the profit necessary for the developer to undertake the management, responsibility and risks of construction associated with the subject property. Current valuation theory states that the four components that create value are land, labor, capital and coordination. Developer's profit as used in the Cost Approach reflects the coordination component of value. Typically, developer's profit runs 10% to 25%; we have computed developer's profit at 25.0% of construction costs due to the small size of the investment and current demand for small industrial properties. Note that "entrepreneurial Profit" and "profit and overhead" are not synonymous.

### Depreciation Analysis

Depreciation may be defined as any loss of value from any cause. There are three general areas of depreciation: physical deterioration, functional obsolescence and external obsolescence.

#### Physical Deterioration

This results from deterioration from aging and use.

#### Functional Obsolescence

This results from a lack of utility or desirability due to design or market perception of the improvements.

#### External Obsolescence

This is due to circumstances outside the property itself, such as industry, demographic and economic conditions or an undesirable proximate use.

The depreciation allocations are based on a modification of the age life model using observation and judgment and are shown in the grid on the following page. The appraiser has observed what appears to be good demand for small light industrial properties in Sand City. Such demand is in part due to scarcity, but the result is judged to be reduced recognition of depreciation.

## Improved Cost Analysis Grid

<b>Marshall &amp; Swift</b>						
<b>Cost Source:</b> Marshall & Swift		# 14: Garages, Industrials, Lofts, Warehouse				
<b>No. of Stories Multiplier:</b> 1.000		<b>Local Multiplier:</b> 1.020				
<b>Height/Story Multiplier:</b> 1.133		<b>Current Cost Multiplier:</b> 1.200				
<b>Perimeter Multiplier:</b> 1.013		<b>Combined Multipliers:</b> 1.405				
<b>Building Improvements</b>						
Item	Unit Type	Cost	Quantity	Multiplier	Total	
Metal Building	Sq. Ft.	\$43.06	1,920	1.405	\$116,144	
Mezzanine Office	Sq. Ft.	\$28.17	304	1.405	\$12,030	
<b>Total Building Improvement Costs</b>					<b>\$128,174</b>	
Price per SF Gross Building Area					\$66.76	
<b>Site Improvements</b>						
Item	Unit Type	Cost	Quantity	Total		
Site Preparation & Improvements	Lump Sum	\$10	1,830	\$18,300		
<b>Total Site Improvement Costs</b>					<b>\$18,300</b>	
<b>Subtotal: Building &amp; Site Costs</b>					<b>\$146,474</b>	
Price per SF Gross Building Area					\$76.29	
<b>Soft Costs</b>						
Item				Percent Type	Total	
Engineering .....	7.0%			% of Building Cost	\$8,972	
Architectural .....	0.0%			% Bld. & Site Cost	\$0	
Permits & Legal .....	0.0%				\$0	
Leasing .....	n/a				\$0	
<b>Total Soft Costs</b>					<b>\$8,972</b>	
<b>Insurable Value (Excludes Site Improvements, related Soft Costs and Developer's Profit)</b>					<b>\$137,146</b>	
<b>Total Costs</b>						
Subtotal: Building, Site & Soft Costs					\$155,446	
Developer's Profit 25.0%					\$38,862	
<b>Total Cost</b>					<b>\$194,308</b>	
Price per SF Gross Building Area					\$101.20	
<b>Depreciation: Section 1 of 1</b>						
Component	Eff. Age	Life	Percent	Amount		
Physical Depreciation: Building	20	55	36%	\$62,339		
Physical Depreciation: Site	10	30	33%	\$7,625		
Functional Obsolescence Building .....				0%	\$0	
External Obsolescence Building .....				0%	\$0	
<b>Total Depreciation</b>					<b>\$69,964</b>	
<b>Depreciated Value of Improvements</b>					<b>\$124,344</b>	
Cost Per Square Foot Gross Building Area					\$64.76	
<b>Additional Cost Sections</b>						
Cost Section 2 .....					\$0	
Cost Section 3 .....					\$0	
<b>Total Insurable Value (Excludes Site Improvements, related Costs &amp; Developer's Profit)</b>						
<b>Land Value</b>						
Land Value .....					\$150,000	
Other .....					\$0	
<b>Cost Approach Value Indication</b>					<b>\$274,344</b>	
<b>Rounded</b>					<b>\$270,000</b>	
<b>Price per SF Gross Building Area</b>					<b>\$140.63</b>	

**Reconciliation of Cost Approach**

The final value by the Cost Approach is rounded downward to \$270,000 using the land allocation of 3,750 sq. ft. This exercise is used to help benchmark value. The costs are "generic" in nature and the areas where there may be variance are land value and depreciation. The depreciation used is based on an age life relationship and may over or under estimate the depreciation that the current market recognizes.

## SALES COMPARISON APPROACH

In the Sales Comparison Approach, the appraiser(s) develops an opinion of value by analyzing similar properties and comparing these properties with the subject property. The approach draws heavily upon the principle of substitution. In essence, this principle states that a prudent purchaser will pay no more for any particular property than it would cost to acquire an equally desirable alternate property. This approach consists of the comparison of the subject to a similar property, which has recently sold or is currently being offered for sale. This comparison process involves making adjustments between the subject property and the comparable properties. The factors considered in the comparison include date of sale, conditions of the sale (including financial terms), and physical characteristics. The subject property is the standard, and the adjustments are made to the sale price of the comparable property in order to arrive at an indication of value for the subject.

### Improved Sale Comparables

The sales have been researched through numerous sources and verified to a level consistent with the scope of work for this assignment. These sales are documented on the following pages followed by an analysis grid.

### Current Listing - 557 Charles St., Seaside, CA

This is a small building with attached warehouse area. While located outside of Sand City it is an alternate purchase. The site is reported to be 4,000 sq. ft. with a building that has 1,980 sq. ft. of single story structure that includes office and warehouse areas. The asking price is \$495,000 or \$250.00 per sq. ft. The listing agent indicated that there has been limited interest and there is anticipation that there will be a price reduction.

1 557 Charles Street, Seaside, CA 93955			
	Price	\$495,000	Property Notes
	Building Size	1,980 SF	
	Property Sub-type	Free Standing Bldg	
	Status	Active	
<b>Property Description</b>			
Free Standing Commercial Building Zoned CC - Community Commercial Office, Retail. Property has office/retail area and back storage with roll up door. Great for many service businesses, office or retail.			

### Expired Listings

	<b>713 DIAS STREET, Sand City 93955</b>			
	Class:	Commercial Industrial	List Date:	11/01/2010
	Beas:		List Price:	\$385,000
	BedDs:		Sale Price:	
	SqFt:	2,180 (Paid Vendor (Unverified))	Lot Size:	3,501 Sqft (Assessor)
	Elem Dist:			
High Dist:				
Remarks:	Single tenant commercial building in Sand City. 2 roll up doors, high ceilings.			
Private:	Tenant occupied. Call listing agent to schedule appointment. Anthony Davi 831-601-3284 or Amber Hathaway 831-860-1578			
MLS #:	81052631	DOM:	364	
Status:	Expired			

This property was listed with two other properties as part of a larger holding. This property and the property located at 737 Dias Street expired without a sale and reportedly transferred to a family member. The sale shown as Comp. #5 was the third of the group and represents the only sale.



## Sale/Listing Comparable #1

### Location Data

Assessor's Parcel #: 011-238-005  
 Use Code: EJ  
 Location: 412 Shasta Avenue  
 Sand City, CA 93955-3021  
 County: Monterey  
 Market Type: Small

### Physical Data

Type: Industrial  
 Land Area Acres: .0861  
 Land Area Sq. Feet: 3,750 Sq. Ft.  
 Gross Area (SF): 3,124± Sq. Ft. (Assessor)  
 Net Rentable (SF): 3,124± Sq. Ft.  
 Zoning: MU-P  
 Number of Units: 1  
 Year Built: 1973  
 No. of Stories: 1  
 Property Condition: Average  
 Parking/Spaces: Limited



### Sale Data

Status: Recorded Sale  
 Date: 3/30/2012  
 Listing Price: Unlisted  
 Mkt. Time- DOM: Unlisted  
 Grantor: Lesley C. Morgan  
 Grantee: Taormina Family Capital Fund  
 Document No: 2012019285  
 Sale Price: \$585,000  
 Financing: \$460,000 Seller  
 Cash Eq. Price: \$585,000  
 Confirmation Source: Recording/Buyer/Assessor

### Analysis

Adj. Price Per Square Foot: \$187.26±

### Comments

Property consists of two lots with 50 feet of frontage. The building is a warehouse structure that was purchased by the adjacent property owner for assemblage. The buyer indicated that they worked with the seller for 6-9 months prior to the agreement to sell. The seller financing was planned to assist in tax planning. The property currently has a tenant, but when their lease expires the buyer intends to remodel the property similar to their adjacent property.

## Sale/Listing Comparable #2

### Location Data

Assessor's Parcel #:	011-238-017
Use Code:	5J
Location:	442 Shasta Avenue Sand City, CA 93955-3021
County:	Monterey
Market Type:	Small

### Physical Data

Type:	Industrial
Land Area Acres:	.1722
Land Area Sq. Feet:	7,500 Sq. Ft.
Gross Area (SF):	3,343±
Net Rentable (SF):	3,343±
Zoning:	MU-P
Number of Units:	2
Year Built:	Rebuild 2012
No. of Stories:	1
Property Condition:	Average / Fair
Parking/Spaces:	Adequate



### Sale Data

Status:	Recorded Sale
Date:	12/14/2010
Listing Price:	\$673,000
Mkt. Time- DOM:	37
Grantor:	Brian Le Neve
Grantee:	Taormina Family Capital Fund
Document No:	2010073548
Sale Price:	\$602,500
Financing:	\$300,000 Seller
Cash Eq. Price:	\$602,500
Confirmation Source:	Recording/Buyer/Agent

### Analysis

Adj. Price Per Square Foot: \$180.23±

### Comments

Property consists of four lots totaling 100 feet of frontage. There were two older buildings located on the site which the buyer has remodeled and developed paved parking on the remaining portion of the site. The property was placed on the market at the price of \$673,000 and sold for \$602,500 with a \$300,000 deed of trust to the seller. The buyer indicated that the seller financing was in the form of a contract of sale to help with tax planning.

The buyer is a knowledgeable investor who purchased this property to store classic cars. He indicated the condition was older and with the cleaning and stripping of old paint the property could have been made usable for \$100,000. However, he renovated from the frame upward keeping the bow-truss roof structure after sandblasting.

### Sale/Listing Comparable #3

#### Location Data

Assessor's Parcel #: 011-192-024  
 Use Code:  
 Location: 749-751 Dias Avenue  
 Sand City, CA 93955-3021  
 County: Monterey  
 Market Type: Small

#### Physical Data

Type: industrial  
 Land Area Acres: .1291  
 Land Area Sq. Feet: 5,625± Sq. Ft.  
 Gross \ Area (SF): 3,750± Sq. Ft.  
 Net Rentable (SF): 3,750± Sq. Ft.  
 Zoning: ML-D  
 Number of Units: 1  
 Year Built: Unknown  
 No. of Stories: 1 (plus mezzanine storage)  
 Property Condition: Average  
 Parking/Spaces: Average



#### Sale Data

Status: Recorded  
 Date: 11/15/2012  
 Listing Price: Not Formerly Listed  
 Mkt. Time- DOM: N/A  
 Grantor: Susan Collins  
 Grantee: Martin and Nancy Beaulieu  
 Document No: 2012069687  
 Sale Price: \$750,000  
 Financing: Cash  
 Cash Eq. Price: \$750,000  
 Confirmation Source: Recording/Assessor/Broker

#### Analysis

Adj. Price Per Square Foot: \$200.00±

#### Comments

The property is located on three lots with 75 feet of frontage that total 5,625± sq. ft. in land area. The building is designed for two tenants and totals 3,750± sq. ft. The building was reportedly built by a wealthy inventor who installed a 400 amp power supply, floor drains, and upgraded materials not typical to a storage or service building. The most recent seller purchased and developed one of the units into a "live-work" space with a bedroom and kitchen as well as an artist studio. The selling broker commented this was one of the best units of its kind. The seller reportedly had cancer and signed a listing allowing the agent to represent the property to his buyer. The newest buyer reportedly lives out of town but plans on using the property for his car and motorcycle collection and live within the unit when in town.

The building has two spaces both of which are reported to have 800± sq. ft. of load bearing storage mezzanine that was considered as "bonus" space. The \$200.00 per sq. ft. price does not include the "bonus" space.

### Sale/Listing Comparable #4

#### Location Data

Assessor's Parcel #: 011-271-002  
 Use Code:  
 Location: 418 Orange Avenue  
 Sand City, CA 93955-3021  
 County: Monterey  
 Market Type: Small

#### Physical Data

Type: Industrial  
 Land Area Acres: .043  
 Land Area Sq. Feet: 1,875 Sq. Ft.  
 Gross Area (SF): 1,800± Sq. Ft. (MLS)  
 Net Rentable (SF): 1,800± Sq. Ft. (MLS)  
 Zoning: MU-D  
 Number of Units: 1  
 Year Built: 1989 (Assessor)  
 No. of Stories: 2  
 Property Condition: Average  
 Parking/Spaces: Average



#### Sale Data

Status: Recorded  
 Date: 6/27/2012  
 Listing Price: \$449,000 (expired)  
 Mkt. Time- DOM: 365  
 Grantor: Muriel Foster Trust  
 Grantee: Leon and Anne Anderle  
 Document No: 2012037259  
 Sale Price: \$370,000  
 Financing: \$300,000 (seller)  
 Cash Eq. Price: \$370,000  
 Confirmation Source: Recording/Assessor/Broker

#### Analysis

Adj. Price Per Square Foot: \$205.56±

#### Comments

This property was listed in 2010 for \$525,000 and expired at \$449,000 on June 5, 2011. The listing agent indicated that they did not have any involvement in the sale. The property has a courtyard parking area with the lower floor being dedicated to commercial use (historically an artist studio) and there are living quarters on the second floor creating a "live-work" property.



### Sale/Listing Comparable #5

#### Location Data

Assessor's Parcel #: 011-187-021  
 Use Code: 3B  
 Location: 606 California Street  
 Sand City, CA 93955  
 County: Monterey  
 Market Type: Small



#### Physical Data

Type: Industrial  
 Land Area Acres: 0.09  
 Land Area Sq. Feet: 3,829  
 Gross Area (SF): 2,747  
 Net Rentable (SF): 2,747  
 Zoning: MIU-P  
 Number of Units: 1  
 Year Built: 1991  
 No. of Stories: 1+  
 Property Condition: Average or Better  
 Parking/Spaces: 4±

#### Sale Data

Status: Recorded  
 Date: August 9, 2011  
 Listing Price: \$700,000  
 Mkt. Time- DOM: Extended  
 Grantor: Brad & Virginia Alexander  
 Grantee: Andrea Feliciano et al  
 Document No: 2011043172  
 Sale Price: \$320,000  
 Financing: Seller Financing  
 Deed of Trust: \$200,000  
 Confirmation Source: Broker/Recorder/Assessor

#### Analysis

Adj. Price Per Square Foot: \$116.49±

#### Comments

Currently used as "McDonald Refrigeration" who was the tenant that purchased the property. This property is developed with a single tenant or owner occupant style, built in 1991 on a steep lot. The building is used for service commercial and has two rollup doors. Selling broker indicated that the seller had some financial difficulties but judged that the price reflected market value. The property was offered with two others at prices well above their market value. All three were reduced in price multiple times and only this property has sold.

This property was offered with two others owned by Virginia Reghillo. The others were 713 Dias Street at the final asking price of \$385,000 or \$176.60± sq. ft. (original price \$800,000) and 737 Dias Street which had a final asking price of \$425,000 or \$129.97± sq. ft. (original price \$900,000). Both expired and reportedly transferred to a relative.



## Sale Adjustments

The elements of comparisons are based on the characteristics or attributes of comparable properties and transactions that cause the prices of real estate to vary. This can include differences in real property rights conveyed, conditions of sale, expenditures made immediately after purchase, market conditions, location, physical characteristics, economic characteristics, use, and even non-realty items. The analysis completed in the following grid shows five properties of which the first four are judged to have greater similarity to the subject than the fifth primarily due to condition of that sale (sold from ownership and a long time tenant). The lowest level in market price is shown by Comp. #5 which also include the comparison of expired listings on Dias Avenue shown prior in the section.

Improved Comparable Analysis								
#	APN	Address	Sale Date	Price	\$/PSF	Sq. Ft.	Land Area	FAR
1	011-238-005	412 Shasta Avenue	3/30/3012	\$ 585,000	\$ 187.26	3,124	3,750	83%
2	011-238-017	442 Shasta Avenue	12/14/2010	\$ 602,500	\$ 180.23	3,343	7,500	45%
3	011-192-024	749-751Dias Avenue	11/15/2912	\$ 750,000	\$ 200.00	3,750	5,625	67%
4	011-271-002	418 Orange Avenue	6/27/2012	\$ 370,000	\$ 205.56	1,800	1,875	96%
Average					\$ 193.26	---	---	73%
5	011-187-021	605 California Street	8/9/2011	\$ 320,000	\$ 116.49	2,747	3,829	72%

Reviewing the comparable data, Comps. #1 - #4 are judged to be most similar in size and their prices tend to support a fairly narrow range with \$180.00± per sq. ft. as the low and \$206.00± per sq. ft. as the high end. As stated prior, it is judged that Comp. #5 represents the affects of the recession and is not suitable for further comparison without adjustment. Having said that Comp. #5 was affected by market conditions begs the question of why Comp. #2 was not similarly affected which brings to question buyer/seller motivation.

Comp. #2 has been completely remodeled at a cost that may not be warranted by a user intending to continue the use of the building at the time of the sale. That same buyer purchased Comp. #1 as further assemblage. Interestingly the sale that is more current represents a buyer who has a similar intended use to the buyer of Comps. #1 and #2 which is for classic car storage. Comp. #3 and #4 have existing build out for residential usage as part of the building and Comp. #2 has been rebuilt with offices one of which would be well suited to be used as living quarters because improvements include a kitchenette and laundry area.

The most recent sale Comp. #3 is a concrete block building with 50% of the space improved as a live-work unit. When compared to the subject, the subject is a high volume metal building with fair quality office (ground floor and mezzanine) space. Deducting for interior improvements for Comp. #3 would be an appropriate adjustment. Allocating \$50.00 per sq. ft. for contribution from the residential improvements times 1,875 sq. ft. produces an allowance of \$93,750 and reduces the price per sq. ft. from \$200.00 to \$175.00 per sq. ft. While based only on an allocation for the depreciated contribution for the residential improvements, it suggests to the appraiser that \$175.00 per sq. ft. is likely the upper end limit for the subject building assuming similar lot coverage. Once adjusted, this sale indicates that the price paid for Comp. #1 and #2 were at a premium to market value.

A similar concern needs to be addressed for Comp. #4. Its price of \$205.56± per sq. ft. is reflective of the small building area and the small lot combined with the residential built out. The allocation made in the prior example equated to 12.5% discount which is judged as low if applied to the subject due to the smaller size of the investment. Adjusting downward 20% adjusts the price to \$164.45± per sq. ft.

Comp. #1 is another recent sale and it is judged to have similar utility to the subject even though it is of a different construction type. The price paid was \$187.26 per sq. ft. which is judged to have been influenced by the buyers desire to assemble the two properties. It is judged as logical to make a downward adjustment, but there are no true comparables to use to extract just such an adjustment. However, logic would suggest that if the adjustment to Comp. #3 is reasonably adjusted to \$175.00 per sq. ft., then Comp. #1 which is substantially inferior in age, construction quality and condition would have an adjusted value in the range of \$150.00 per sq. ft. (representing less than a 15% downward adjustment)

Comparable #5, which was separated from the four prior sales in the grid because its price was judged to have been more impacted by the recession could also have been due to the motivation of the seller and the fact that the buyer was the tenant. Regardless, the price of \$116.41 per sq. ft. is judged to not represent current market conditions and appears to reflect some deduction due to the tenant owner relationship. After an adjustment upward for this factor, suggests that the lower end of the range is \$140.00± per sq. ft.

### **Sales Comparison Approach Conclusion**

As previously stated, truly comparable data available for comparison is very limited for a variety of reasons, most obvious of which are changes in market conditions. The four sales are judged to impact the market place showing what appears to be support for prices nearing \$200.00 per sq. ft. before adjustment.

The foundation for the adjustments is considered to be less than ideal as they rely heavily upon judgment. As stated prior, value in part is dependent upon the land area that would accompany the subject building. The subject is physically located on two lots totaling 3,750 sq. ft. which is a 51.2% coverage and by comparison is an attractive land to building ratio or a FAR of 63.8% which is comparable to the data.

The subject when valued by this approach is judged to be reasonably represented by the adjusted range of \$150.00 to \$165.00 per sq. ft. This value will be compared to the value by the Income Approach in the reconciliation section of the report.

$1,920\pm \text{ Sq. Ft. X } \$150.00 \text{ PSF} = \$288,000$ $1,920\pm \text{ Sq. Ft. X } \$165.00 \text{ PSF} = \$316,800$
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While there is a range produced by the market data, the lower end of the range is judged most applicable due to the construction type and the level of tenant improvements. The final value is round to \$285,000 prior to any further adjustment.

## **INCOME APPROACH**

The Income Approach to value is a method of estimating the market value of an income producing property by capitalizing the net income which a fully informed person is warranted in assuming the property will produce during its remaining economic life or the projection term of the ownership. This approach is based on the "Principle of Anticipation" which considers that value is created by anticipated benefits to be derived from future ownership. Thus, people buy real estate because they anticipate the ownership will provide them with (either or both) annual cash flow income and equity build up.

Value, therefore, can be defined as "the present worth of all rights to future benefits arising from ownership." To measure value in dollars according to this definition, it is necessary to estimate future benefits in dollars and discount it to present worth at rates of investment yield which will attract purchase capital. This discounting process is known as the capitalization process. This type of analysis considers the property from an investor's point of view.

In appraisal practice, the estimated future income can be based on either the actual contract rent(s) or the estimated market rent(s) (economic rents for the subject). In most all cases, the current market rent for the subject must be estimated and for these reasons the rental survey shown in this section of the report has been completed.

The subject improvements when considered with just the two lots, is likely to be more attractive to an owner-user than an investor. However, both types of buyers could compete for the property and both would in some way measure value based on rent. The owner-user may consider value in-lieu-of having to continue to pay rent while the investor is looking for return on the investment. If there were comparable sales of properties with similar highest and best use then the Income Approach might not be completed. But, as can be seen the Direct Comparison Approach did have some limitations.

### **Rent Comparable Comparison**

Under recessionary market conditions comparable properties currently offered for lease (especially when they have extended market exposure) tend to set the upper end of the market rent for vacant properties. However, the subject if offered for sale is judged to have a higher probability of selling to an owner user and traditionally an owner user will allocate the upper end of the rental market in making their purchase decision. So, in estimating the subject's current market rent this factor should be considered.

Properties that are listed by real estate professionals in the local market are published on Loopnet.com, a national online listings service. The following listings represent those located in Sand City, Seaside, Monterey and Marina that are considered as alternate locations and competitive properties.

Properties for Lease

Address	Address	Address	Address	Address	Address	Address	Address	Address
Property Type	Industrial	Industrial	Industrial	Industrial	Industrial	Retail	Industrial	Industrial
Property Subtype	Warehouse	Warehouse	Warehouse	Warehouse	Warehouse	Retail (Other)	Warehouse	Warehouse
Zoning					Mixed-use zoning			
Building Size	1,600 SF Bldg	13,200 SF Bldg	7,530 SF Bldg	14,000 SF Bldg	9,070 SF Bldg	10,000 SF Bldg	13,500 SF Bldg	7,260 SF Bldg
Year Built								
Lot Size		26,250 SF	4,500 SF			0.22 AC	33,750 SF	2
APN / Parcel ID			011-177-26				013-022-01	
Space Available	1,600 SF	5,500 SF	3,070 SF	3,407 SF	2,950 - 6,000 SF	10,000 SF	7,740 SF	3,980 SF
Asking Rent	\$1.25/SF/Mo	\$0.21/SF/Mo	\$0.65/SF/Mo	\$1.20/SF/Mo	\$0.65/SF/Mo		\$0.85/SF/Mo	\$0.16/SF/Mo
Spaces	1 Space	1 Space	1 Space	1 Space	3 Spaces	1 Space	1 Space	1 Space
Property Description	High traffic location with visibility from Del Monte Blvd. Completely remodeled. Close to banks, shops and restaurants.	Empty lot	Salon-Pro purchased this bldg. Fast-Glass will stay		Warehouse available for lease		Large Freight Warehouse Fenced - PM 11 Lot - F.Z. Access - Close to FRWY	Fourth Kit Product Floors building 2 story with upper floor offices / RSD. lower floor storage or light manufacturing. Zoned "Mixed Use" (local code)
Location Description	Downtown Seaside	Great visibility in vibrant West End		Monterey	Located in Sand City with great Highway 1 visibility and access		Monterey	Monterey

The second, fourth, fifth and sixth properties shown above are within two blocks of the subject and are all part of a larger property. They have asking rents that are triple net with \$.374 per sq. ft. operating costs that when added reflect \$1.02 per sq. ft. gross rents. The number of vacancies suggest these asking prices are above what the current market is willing to pay for this multiple tenant space. However, that group of comparables are judged to be similar to the subject because of location. The property located at 700-780 Redwood Avenue is superior in quality and condition as well as consisting of a higher level of office built out. The property located at 1801 Catalina Avenue is warehouse on the lower floor and office / warehouse on the upper floor. The upper floor had an asking rent of \$.95 per sq. ft., but the listing broker indicated that the owner is considering removing it from the market and developing two apartments above the warehouse.

### Market Rent Reconciliation

The previous comparisons represent current market offerings, some of which are inferior and others that would be considered as superior. On a per sq. ft. basis the rental range is judged to be \$.90 to \$1.15 per sq. ft. on a gross basis. When this range is applied to 1,920± sq. ft. the rounded estimates range from \$1,728 to \$2,208 per month. It has been observed that smaller spaces tend to rent for lump sum amounts as the tenants are more concerned about the monthly total than making decisions based solely upon the per sq. ft. rent. In the case of the subject \$2,000 per month on a gross basis is judged as a reasonable estimate and when divided by 1,920 sq. ft. the indicated rent is \$1.04± per sq. ft. which is supported by the market data.

### POTENTIAL GROSS INCOME

In analyzing the potential gross income and processing it to a net operating income, the prior rental survey was used to help establish a market rent for the subject. The estimate of \$2,000 per month produces an annual potential gross of \$24,000.

### Vacancy and Collection Loss

The next step in the Income Approach is to estimate the loss in income due to vacancy and collection losses. Based on a review of market conditions and the subject's operating history we have projected vacancy and collection loss at 5%.

### Expenses

The property does not have a recent rental history. The expenses that the owner would pay are real estate taxes, insurance and major repairs. The allocation for real estate taxes is made by adding the real estate tax rate to the capitalization rate. The remaining costs are estimated at \$1,500 per year.

### Net Operating Income

The next area to be addressed is the estimation of the Net Operating Income, which is in part based on the potential income as well as the anticipated expenses. Technically, the Net Operating Income (NOI) is effective gross income (EGI) less all applicable operating expenses. The following grid represents the estimate for the potential gross income less a vacancy and rent loss allowance and minimal operating expenses, which provides the stabilized estimate of the net operating income (NOI).

<b>Potential Gross Income</b>	\$2,000 X 12 =	\$24,000
Vacancy Allowance	-5%	(\$1,200)
<b>Effective Gross income</b>		\$22,800
<b>Expenses</b>		
Real Estate Taxes		incl. OAR
Insurance		\$1,000
Repairs and Maintenance		\$500
<b>Total w/o RE Taxes</b>		\$1,500
<b>Estimated Net Operating Income</b>		\$21,300

### DIRECT CAPITALIZATION

Direct capitalization is a method used to convert an estimate of a single year's income expectancy, or an annual average of several years' income expectancies, into an indication of value using a single step process. Typically, the value indication is derived by dividing the estimated net operating income estimate by the estimated capitalization rate. This capitalization rate is commonly known as an overall rate (OAR) or "Cap Rate."



Overall capitalization rates may be derived from many sources, which include comparable sales, effective gross income multipliers or net income ratios, band-of-investment or weighted-average techniques, debt coverage ratios and yield capitalization techniques. The preferred technique when sufficient data available is from the analysis of sales and listings of similar and competitive properties.

### Market Extracted Rates

As stated prior, the development of a capitalization rate extracted directly from the local market is the most desirable method of estimating the appropriate capitalization rate for the subject. However, as with every valuation method there is limited market data and for this process the data is too limited requiring an alternate methodology.

We have researched mortgage rates and terms typical for the subject within the market area and have used this data to develop a base capitalization rate. This analysis applies to the building with two lots as opposed to the overall property.

<b>Capitalization Rate Calculations</b>			
<b>Capitalization Rate Variables</b>			
Mortgage Interest Rate	5.00%		
Loan Term (Years)	25		
Loan To Value Ratio	75.0%		
Debt Coverage Ratio	1.25		
Equity Dividend Rate	5.00%		
<b>Band of Investment Analysis</b>			
Mortgage Constant		Loan Ratio	Contributions
0.070150805	x	75.0%	= 5.26%
Equity Dividend Rate		Equity Ratio	
5.00%	x	25.0%	= 1.25%
<b>Band of Investment Capitalization Rate</b>			<b>6.51%</b>
<b>Debt Coverage Ratio Analysis</b>			
Debt Coverage Ratio x Loan to Value Ratio x Mortgage Constant			
1.25 x 0.75 x 0.0701508049809574			= 6.58%
<b>Debt Coverage Ratio Capitalization Rate</b>			<b>6.58%</b>

### Direct Capitalization Analysis Conclusion

As shown prior the NOI was estimated without a deduction using actual real estate taxes because the subject is effectively exempt from taxes. As such, the OAR (capitalization rate) must be "loaded" to reflect the market tax rate which was extracted from adjacent properties. That rate is .0112 which when added to .0650 (base capitalization rate) produces a loaded rate of .0762.

The final process is the division of the net income of \$21,300 by .0762 which produces an indicated value of \$279,527± or \$280,000, in rounded numbers.

Based on the analysis detailed above, as of November 6, 2012 we have reconciled to a direct capitalization approach value of \$280,000.

## RECONCILIATION AND FINAL OPINION OF VALUE

This is the point in the report where the prior analysis and conclusions are weighed against each other. The process is not an "averaging" of the conclusions, but a critical review of the strength or weakness of any and all methods. Once again the focus is placed on the uniqueness of the subject and the uniqueness of the market it is located within. The first consideration is that of market conditions and how they impact value and with this there is a recognition that a portion of the subject (building with supporting land area) is likely to be attractive to the market for immediate use while the remaining portion of the land area is likely to have a reduced appeal because it does not have demand for immediate development.

If the sale of the subject property requires that the entire property, consisting of all 14 lots including the building improvements, be sold as one property it is the appraiser's judgment that the contribution from the building with necessary land would likely contribute substantially less than if the project was "parcelized" and sold off independently. However, there is no market evidence from actual sales to demonstrate that as a fact. It is the scarcity of properties in the market area that makes it difficult to determine to what extent this might be true and only marketing the property with the ability to purchase the property in part or in whole is likely to determine which would produce the highest price to the seller.

It is the uniqueness of the property and the lack of comparable data that led the appraiser to develop a value for the building and improvements and then separately value the remaining land. Many of the land sales (or under developed properties) that have occurred over the past 5-7 years has been to DBO Development. DBO has been assembling land and it is this appraiser's judgment that many, if not most, of those sales represent premium prices associated with the assemblage process. As such, that data is of limited help in determining current market values and has been used sparingly in the analysis.

Current market conditions for the subject land is judged to place downward pressure on its "current" value. Land that does not have an immediate use that is financially feasible either does not sale or sells to buyers who are speculating on future events including increases in value to cover the cost and risk of holding. The subject sites could be used on a short term basis for yard storage, but that income is judged as more of a "carrier" income to help offset holding costs. Land Comps. #1 and #10 are examples of land that road the wave of the most recent market. Each were purchased prior to the run up in prices, but were offered at asking prices that were never realized by buyers who had ideas about intensifying the use (both high mixed uses) and each missed the market or proposed a use where demand did not actually exist. The result is that the current or most recent asking price is at or below their purchase price a number of years ago. While not direct comparisons to the subject, these examples do show that when demand is lost the price falls and sales may not occur.

The subject lots are different because they are paved and are in the core of the city where future growth will occur. The question is if you can attract a buyer at this point in the business cycle and at what price will there be a meeting of the minds of the buyer and seller. The wild card is demand. Three of the most recent sales of Improved Comps. (#1 to #3) were purchased by buyers who have purchased for what might be considered by some as a hobby (storage of car collections) and appear to have the economic ability to purchase what they desire. With that as part of the equation it is unknown if "Sand City" is now attracting a new type of buyer who will bid against each other for control of properties given the scarcity of land for such development.

With this as the backdrop, the process of reconciliation continues with the analysis of each approach to value. Improved Comps. #1-#4 were the best in the current market, but tend to reflect building improvements that are superior to the subject or motivations (assemblage) which are judged to increase prices. This activity will tend to lift the market prices if similar demand continues. The Cost Approach is judged to be the least reliable due to the age of the improvements. Depreciation is the variable that was the most difficult to measure, but improved land value was also critical being more than 50% of the value estimate. The appraiser judges that the land data analysis shows a bifurcated market where land values

that are part of a developed property contribute greater value than vacant undeveloped land. The cause is the utility of the site. Undeveloped sites are expected to remain undeveloped until market conditions (construction financing) and demand improve. The exception to this would be an adjacent property owner who wished to control a previously unavailable property for expansion. In that case, with any competition from that type of buyer it would be expected that they would pay the highest price. So, Land Comp. #1 is an illustration of a parcel where the neighbor owner might not be motivated and no immediate development is anticipated. However, the subject sites APN 011-196-013 and 019 might be attractive to the adjacent owner of APN 011-196-018 while the subject site APN 011-196-020 might be attractive to the owner of 011-196-014 and 015 allowing the owner to control the entire corner. In those cases the price that might be achieved is expected to be closer to the contributory land value of their existing property which is greater than the historic land sales might suggest.

As stated prior, it is this appraiser's judgment that value of the pieces of the property produce a greater value than the property as a whole because there is a higher and better use to individual buyers than to the purchase of the overall property.

On page 34, the value estimate of the overall land area was estimated at \$650,000 prior to consideration of any value contribution from the building. At the underlying land value of \$25.00± per sq. ft. for 26,250 sq. ft. of land area there is an assumption that redevelopment or additional development will occur when market conditions warrant which based on current market expectation might be three years or more in the future. As such, there is an expectation that the building improvements have a limited economic life and as such they would contribute less than they do under the assumption that they would be sold separately, as shown below. Under the assumption that the improvements contribute a net income of \$21,300 per year and discounting that income over three years the improvements contribute \$52,970. During that same time the remaining yard area could be rented producing another income stream. Using a rent that would reduce vacancy, but calculated based on a net income to the owner, the appraiser has estimated \$.80 per sq. ft. per year for the 22,500 sq. ft. which is an annual potential rent of \$18,000. Discounting income to a present value over three years is the estimate of \$44,763±. Combining the two incomes the rounded contribution is \$100,000 which creates an estimate for the overall property of \$750,000.

#### Component Value

The building under the assumption that it is to be valued and sold separately the three methods of valuation suggest a range of \$270,000 to \$285,000.

#### Value Indications – Improved Property with 3,750± Sq. Ft. Site

<b>Cost Approach:</b>	\$270,000
<b>Sales Comparison Approach:</b>	\$285,000
<b>Income Approach:</b>	\$280,000

Discussed prior, the building is in need of minor repair and painting. When reconciling this segment of the property to its current "as is" value, the appraiser has made an allocation for condition and estimated the final value at \$275,000.

#### Value Indications – Independent Sites

	Estimate	Rounded
APN 011-196-013 & 019	\$215,625	\$215,000
APN 011-196-020	\$225,000	\$225,000
Remaining Land	\$196,875	\$200,000
Building with 3,750± Sq. Ft. Site	\$275,000	\$275,000
<b>Total</b>		<b>\$915,000</b>

**Value Conclusion**

The total estimate of \$915,000 is not necessarily the market value of the overall property. In fact, it is the appraiser's judgment that \$750,000 for the overall property purchased by one buyer may be a better expression of the value as one purchase. The difference between the two value estimates is 18±% which could be reasonable for a buyer who only wanted part of the property and then expected to sell off the rest. It should be noted that the estimated market exposure time of 12 months for the sale as one overall parcel and as individual parcels could be sufficient time to attract multiple buyers creating competition and allowing the properties to reach their highest price (possibly above their market value) given the scarcity of developable property in Sand City. In such a case each portion of the property would have the opportunity to reach its highest and best use.

Based on the data and analyses developed in this appraisal, assuming 12 months of market exposure, we have reconciled to the previous value conclusions, as of November 6, 2012, subject to the Limiting Conditions and Assumptions of this appraisal.

**ADDENDA**



## CERTIFICATION STATEMENT

The appraiser(s) certify and agree that:

1. The appraiser(s) have no present or contemplated interest in the property appraised and that neither the employment to make this appraisal nor the compensation for it is contingent upon the appraised value of the property.
2. The appraiser(s) have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
3. Stephen Brown has personally inspected the subject property.
4. According to the best of our knowledge and belief, all statements and information in this report are true and correct; the appraiser(s) have not knowingly withheld any information.
5. The reported analyses, opinions, and conclusions are limited only by the reported assumptions, contingent and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
6. The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
7. We certify that to the best of our knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. We certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
8. As of the date of this report, Stephen Brown has completed the requirements of the continuing education program of the Appraisal Institute.
9. Stephen Brown has prepared all conclusions and opinions concerning the real estate that are set forth in the appraisal.
10. Our compensation for completing this assignment was not contingent upon the development or reporting of a predetermined value or direction of value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or occurrence of a subsequent event directly related to the intended use of this appraisal.
11. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
12. Based on our experience, it is our opinion that we meet the qualifications to provide the following estimation of the subject property's value.
13. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
14. The appraiser(s) have not performed any professional services related to this same property within a period of three years preceding the date of the appraisal assignment.

No changes of any item of the appraisal report shall be made by anyone other than the appraiser, and the appraiser shall have no responsibility for any such unauthorized changes. This letter of transmittal and the pages that follow constitute our report, including the data and analyses utilized in forming an opinion of value. Should you have any questions concerning this report, please do not hesitate to call our office.



Stephen Brown  
 Certified General MAI, SRA, R/W-AC  
 California License number: AG003578

Appraisal File: C2012-1201A

## MASTER ASSUMPTIONS

Definitions: USPAP & Advisory References (AO-9)

Extraordinary Assumption: an assumption, directly related to a specific assignment, which, if found to be false could alter the appraiser's opinions or conclusions.

Hypothetical Condition: that which is contrary to what exists but is supposed for the purpose of analysis.

These definitions appear in the Uniform Standards of Professional Appraisal Practice (USPAP), which are the governing standards for the appraisal industry. They are used in completing and communicating an appraisal.

The underlying goal of the use of extraordinary assumptions and hypothetical conditions is to provide an analysis that is not misleading to the client. Historically, the use of assumptions within the appraisal report called the client's attention to the possible unreliability of information or conclusions within an appraisal. When the industry adopted USPAP, one of the goals was to provide credible appraisals to the public and to this end, new definitions have been produced. As part of the evolution of the appraisal process the use of extraordinary assumptions and hypothetical conditions has been implemented.

Extraordinary assumptions and hypothetical conditions can have a significant impact on the conclusions reached in an analysis. Extraordinary assumptions and hypothetical conditions that are known at the outset of an assignment are typically included in the engagement agreement. While the Scope of Work is a dynamic process in that it defines the research and analysis to complete an assignment correctly, it is the use of extraordinary assumptions and hypothetical conditions that allow the appraiser to communicate what is known so that the client can be fully informed about the reliability of the analysis. It is the area of unknown information that prompts the use of an extraordinary assumption. It should be noted that any "as is" valuation contained within this analysis is not based on a hypothetical condition(s).

To address these "unknown" issues this appraisal uses a "master assumption" to help define the basic or underlying assumptions of the appraisal. Put simply, the appraiser assumes that the property is capable of functioning as intended, without restrictions unless otherwise stated. This may mean that the land and improvements are assumed to be in average or better condition, capable of being used to its highest and best use, without limitations. Should this not be the case, then the value conclusion is likely to change upon clarification of the "unknown". It may be of help to understand that the appraiser is an expert in valuation issues but is not trained as nor is an expert in the field of law, accounting, title, soil analysis, construction analysis, engineering and architecture.

All these disciplines may be involved in the analysis of real property; however, such experts may not be engaged until after a question about the property is determined to exist. The appraiser utilizes only the information available at the time of the appraisal based on their training. This typically includes a brief inspection of the property to become familiar with the general condition but this inspection should not be considered a replacement for qualified analysis by licensed professional.

The assumption that the property is functioning properly, well-maintained, and in average or better condition for its age is the basis for measuring value. It is typically assumed that the property is legally owned, does not have issues such as soil contamination or stability, has appropriate building permits, complies to the appropriate codes, and that the improvements have structural integrity, which would also be assumed to be typical of the comparables unless noted within the appraisal. Once these issues or any other issue that would not be obvious based on the brief inspection or review of available documents are known to the appraiser, their impact would be considered in the analysis. Without this knowledge from trained professionals the appraiser is unlikely to know the extent of the effect on value and appeal, thus it would not be measured as part of the overall analysis. This is considered the "master assumption" for this appraisal.

## CONTINGENT AND LIMITING CONDITIONS

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

1. This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part. Neither all nor any part of the contents of this report or copy thereof (including conclusions as to property value, the identity of the appraiser(s), professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser(s) are connected) shall be used for any purposes by anyone but the client or his advisors without the previous written consent of the appraiser(s), nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraiser(s). Possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose by anyone other than the addressee or the Appraisal Institute without the previous written consent of the appraisers. Disclosure of the contents of this appraisal is governed by the by-laws and regulations of the professional appraisal organizations with which the appraisers are affiliated.
2. All files, work papers and documents developed in connection with this assignment are the property of Stephen Brown Associates, Inc. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Reduced copies of plans duplicated within the report are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted. Maps, plats, sketches, graphs, photographs and other exhibits included in the report are for the purpose of illustration and visualization only. The appraiser(s) have made no survey of the property. All data provided by the client, property owners, property manager or owner's representative is assumed to be correct and accurate.
3. No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them.
4. Unless otherwise stated in this report, the existence of hazardous material, which may or may not exist, was not observed by the appraiser(s). The appraiser(s) has no knowledge of the existence of such materials on or in the property. The appraiser(s), however, is not qualified to detect such substances. The presence of such substances such as asbestos, ureaformaldehyde, or other potential hazardous materials may affect the value of the property. The appraiser(s) assumes that no such substances are present on or in the property. The appraiser(s) urges the client to retain an expert in this field if any assurances are desired concerning the presence of potentially hazardous materials.
5. Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation. The values as concluded herein are entirely contingent upon the subject property not being within or subject to a federally designated potential Endangered Species area as defined by the U.S. Fish and Wildlife Service, which as a result might otherwise limit, restrict, and/or prevent development of the subject to its highest and best use.
6. Good title, free of liens, encumbrances and special assessments is assumed, unless stated otherwise. No opinion is being expressed on matters which may require legal expertise or specialized knowledge beyond that which is customarily employed by real estate appraiser(s). The appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the appraiser(s) render any opinion as to the title, which is assumed to be marketable. No private deed restrictions are considered unless otherwise noted. Furnishings, equipment and business interests, unless considered as part of the real estate, are not valued in this appraisal unless otherwise stated.
7. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based.

8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with and there are no encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
9. All engineering is assumed to be correct. The plot plans and all illustrative material in this report are included only to assist the reader in visualizing the property. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications. All engineering information, if any, is assumed to be correct. The construction and condition of the improvements mentioned in the body of this report are based on observations. No engineering study has been provided which would assist in the discovery of any latent defects. No certification as to any of the physical aspects could be given unless a proper engineering study was made. On all appraisals involving proposed construction, the appraisal report and value conclusions are contingent upon completion of the proposed improvements, if any, in accordance with the plans and specifications.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Information, estimates, and opinions furnished to the appraiser(s) and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished by the appraiser(s) can be assumed by the appraiser(s).
12. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
13. Please note that our consent to allow an appraisal report prepared by Stephen Brown Associates, Inc., or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.
14. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
15. Responsible ownership and competent property management are assumed.
16. All value opinions provided in the appraisal apply to 100% of the ownership unless otherwise indicated. It may be inappropriate for the reader to apply fractional interests or pro ration of interests.
17. The appraiser is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value for the subject property as of the date of valuation.
18. The forecasts, projections, or operating estimates contained herein are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to change as a result of variations in the market. Value(s) are based on U. S. Dollars as of the date of value.
19. Appraisals are based on the data available at the time the assignment is complete. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

20. The appraiser(s) have followed traditional appraisal standards to develop a reasonable estimate of the insurable value based upon industrial practices and the industry accepted Marshal Valuation Service cost handbook. The appraiser estimate should only be used as a comparison to the analysis completed by insurance industry experts for underwriting for underwriting purpose.
21. The appraiser(s) are not required to give testimony in court in connection with this appraisal. If the appraiser(s) are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) our regular per diem rate plus expenses. The appraiser(s) are not required to give testimony or appear in court because of having made this appraisal with reference to the property in question unless arrangements have been made therefore.
22. The employer agrees, as a condition of the appraisal, to defend and indemnify appraiser(s) at employer's sole expense in any action brought against appraiser(s) by a third party due to the appraisal or any advice given to employer by appraiser(s). The employer will also reimburse appraiser(s) for any award, court costs and or attorney's fees which appraiser(s) may be required by a court to pay as a result of such action. Appraiser(s) may, at his sole discretion, participate in the defense of any such action, but such participation shall not relieve employer of his obligations under this condition.
23. Acceptance and or use of this appraisal report by the client or any third party constitutes acceptance of the Conditions and Limiting Conditions and Special Assumptions. The liability of the appraiser(s) extends only to the stated client and not to subsequent parties or users, and the liability is limited to the amount of fee received from the employer by the appraiser(s).



## DEFINITIONS<sup>8</sup>

All other definitions in this section are also derived from the associated footnote.

### **Fee Simple Estate** is defined as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

### **Leased Fee Interest** is defined as:

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

### **As Is Market Value** is defined as:

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

### **Extraordinary Assumptions** is defined as:

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.)

### **Hypothetical Condition** is defined as:

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.)

### **Exposure Time** is defined as:

1. The time a property remains on the market
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See *also* **marketing time**.

### **Marketing Time** is defined as:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board or The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) See *also* exposure time.

### **Gross Building Area (GBA)** is defined as:

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.

### **Gross Leasable Area (GLA)** is defined as:

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.

### **Rentable Area (RA)** is defined as:

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.

<sup>8</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)

RECORDING REQUESTED BY: Stephen L. Vagnini  
 Old Republic Title Company  
 Order No.: 0724009035-MD  
 APN: 011-196-013, 011-196-004, 011-196-019, 011-196-020  
 When Recorded Mail Document and Tax Statements to:  
 Sand City Redevelopment Agency  
 1 Sylvan Park  
 Sand City, CA 93955

CRMEL ISSA  
 3/20/2009  
 8 00:00

Recorded at the request of  
**Old Republic Title**

DOCUMENT: 2009016418  
 Titles: 1/ Pages: 4  
 Fees: \_\_\_\_\_  
 Taxes: \_\_\_\_\_  
 Other: \_\_\_\_\_  
 AMT PAID \_\_\_\_\_

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

**Grant Deed**

The undersigned grantor(s) declare(s):  
 Documentary Transfer Tax is \$0.00 - DEED TO PUBLIC AGENCY  
 (X) computed on full value of property conveyed, or  
 ( ) computed on full value less of liens and encumbrances remaining at time of sale.  
 ( ) Unincorporated area: (X) City of Sand City

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
 Robert J. Carroll, Trustee of Revocable Trust dated March 25, 1996  
 hereby GRANT(S) to  
 Sand City Redevelopment Agency, a public agency organized pursuant to the Community Development Law of the State of  
 California  
 that property in City of Sand City, Monterey County, State of California, described as:  
 See "Exhibit A", attached hereto and made a part hereof.

Date: March 18, 2009

Revocable Trust dated March 25, 1996

By:   
 ROBERT J. CARROLL, Trustee

Grant Deed

MAIL TAX STATEMENTS AS DIRECTED ABOVE

Page 1 of 2

State of CA  
 County of Monterey  
 On 3/18/09 before me, Michael A. Davi  
 Notary Public, personally appeared Robert J. Carroll  
 who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within  
 instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by  
 his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the  
 instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.  
 WITNESS my hand and official seal.



Signature Michael A. Davi  
 Name Michael A. Davi  
 (Typed or printed)

Grant Deed

ORDER NO. : 0724009035-MD

**EXHIBIT A**

The land referred to is situated in the County of Monterey, City of Sand City, State of California, and is described as follows:

Parcel One:

Lots 1, 3, 5 and 7 in Block 30 as shown on that certain map entitled, "Map of East Monterey, Monterey County, Cal. Surveyed by W.C. Little", filed October 18, 1887 in the office of the county recorder of the County Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

Parcel Two

Lots 16 and 18 in Block 30 as shown on that certain map entitled, "Map of East Monterey, Monterey County, Cal. Surveyed by W. C. Little", filed October 18, 1887 in the office of the county recorder of the County of Monterey, State of California in Volume 1 of Maps, "Cities and Towns", at Page 22.

Parcel Three:

Lots 9, 10, 11, 12, 13 and 14 in Block 30 as shown on that certain map entitled "Map of East Monterey, Monterey County, Cal. Surveyed by W.C. Little", filed October 18, 1887 in the office of the county recorder of the County of Monterey, State of California in Volume 1 of Maps, "Cities and Towns", at Page 22.

Parcel Four:

Lots 15 and 17 in Block 30 as shown on that certain map entitled "Map of East Monterey, Monterey County, Cal. Surveyed by W. C. Little", filed October 18, 1887 in the office of the county recorder of the County of Monterey, State of California in Volume 1 of Maps, "Cities and Towns", at Page 22.

APN: 011-196-020 (Parcel One)  
011-196-013 (Parcel Two)  
011-196-004 (Parcel Three)  
011-196-019 (Parcel Four)



Approved by:  
Sand City Redevelopment Agency  
Resolution # RA 09-01

**CERTIFICATE OF ACCEPTANCE**


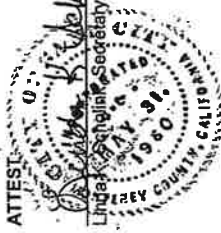
This Certificate of Acceptance is to certify that interest in real property, located at 525, 537, and 549 Ortiz Avenue and 512 and 518 Redwood Avenue, Sand City California, (APNs 011-196-004, 013, 019 & 020; Lots 1,3,5,7,9-14, Block 30) conveyed by the deed or grant dated March 18, 2009 from the Carroll Trust Property to the Sand City Redevelopment Agency (a public agency organized pursuant to the State of California Community Redevelopment Law), is hereby accepted by order of the Redevelopment Agency Board of Directors and the City of Sand City. The Grantee hereby consents, with signature below, to the recording thereof by its duly authorized officer.

**APPROVAL:**

  
Steve Matarazzo, Executive Director

  
Date of Acceptance  
3/19/09

**ATTEST:**

  
Linda Scholnik, Secretary  


  
David K. Pendragrass, Chair

Contact:  
City of Sand City &  
Redevelopment Agency  
1 Sullivan Park  
Sand City, CA 93965  
(831) 394-3054 Phone  
(831) 394-2472 Fax

**END OF DOCUMENT**

Property Detail Report



Subject Property  
537 Ortiz Ave  
Sand City, CA 93955  
Monterey County

<b>Owner Info:</b>	Sand City Redevelopment Agency (831) 384-6700 1 Sylvan Way Monterey Peninsula M 148.00	Sand City CA 93960 3039 C011 0112
<b>Location Info:</b>	011-196-004-000 2011 55 011000	Map Of East Monterey Lot 9 11th 14 Blk 30 30 9
<b>Tax Info:</b>	Public (Dec) 2531 1977	Publicly Owned 1,935
<b>Characteristics:</b>	Public (Dec) 06-001005 2305-11-1	Dead (Req) Sand City Redevelopment Agency
<b>Case Back Sale:</b>	03/20/2009 Y Sand City Redevelopment Agency Carroll Robert J Carroll James & Sharon Trust Grant Deed	05/10/1989 Y Carroll James & Sharon I Carroll Sharon I Carroll Sharon I 720-11-1 Hess (Res)
<b>Sales History:</b>	03/20/2009 Y Sand City Redevelopment Agency Carroll Robert J Carroll James & Sharon Trust Grant Deed	06/15/2001 Y Carroll Robert J Carroll James & Sharon Trust Grant Deed

Property Detail Report



Subject Property  
549 Ortiz Ave  
Sand City, CA 93955  
Monterey County

<b>Owner Info:</b>	Sand City Redevelopment Agency (831) 384-6700 1 Sylvan Way Monterey Peninsula M 148.00	Sand City CA 93960 3039 C011 0112
<b>Location Info:</b>	011-196-013-000 2011 56 011000	Map Of East Monterey Lot 16 & 18 Blk 30 30 16
<b>Tax Info:</b>	Public (Dec) 20651	Publicly Owned
<b>Characteristics:</b>	Public (Dec) 06-001005 2305-11-1	Dead (Req) Sand City Redevelopment Agency
<b>Case Back Sale:</b>	03/20/2009 Y Sand City Redevelopment Agency Carroll Robert J Carroll James & Sharon Trust Grant Deed	06/15/1999 Y Carroll James & Sharon I Carroll Sharon I Carroll Sharon I 720-11-1 Hess (Res)
<b>Sales History:</b>	03/20/2009 Y Sand City Redevelopment Agency Carroll Robert J Carroll James & Sharon Trust Grant Deed	06/15/1999 Y Carroll James & Sharon I Carroll Sharon I Carroll Sharon I 720-11-1 Hess (Res)

Property Detail Report



**Subject Property**  
 512 Redwood Ave  
 Sand City, CA 93855  
 Monterey County

**Owner Info:** Sand City Redevelopment Agency  
 (831) 394-6700  
 1 Sylvaan Way  
 Monterey Peninsula, CA 93940

**Location Info:** Sand City, CA  
 93855  
 3039  
 01 G2  
 Map Of East Monterey Cofc  
 15 & 17 Blk 30  
 30  
 15

**Tax Info:** 011-196-019-8000  
 2011  
 \$6  
 011000

**Characteristics:** Public (Reg)  
 .0861  
 Publicly Owned

**Last Market Sale:** 09/24/1973  
 1071, 1076  
 Deed (Reg)  
 Sand City Redevelopment Agency  
 Owner Record

**Sales History:** 03/20/2009  
 Y  
 Sand City Redevelopment Agency  
 Carroll Robert J  
 06-10-2001  
 Y  
 Carroll Robert J  
 Sand City Redevelopment Agency  
 Carroll Sharon I  
 Carroll Sharon I  
 Owner Record  
 05/10/1985  
 Carroll James W &  
 Carroll Sharon I  
 Carroll Sharon I  
 Owner Record  
 16-113  
 Grant Deed  
 48007  
 Grant Deed  
 2265-1127  
 Deed (Reg)

Property Detail Report



**Subject Property**  
 512 Redwood Ave  
 Sand City, CA 93855  
 Monterey County

**Owner Info:** Sand City Redevelopment Agency  
 (831) 394-6700  
 1 Sylvaan Way  
 Monterey Peninsula, CA 93940

**Location Info:** Sand City, CA  
 93855  
 3039  
 01 G2  
 Map Of East Monterey Cofc  
 15 & 17 Blk 30  
 30  
 15

**Tax Info:** 011-196-020-8000  
 2011  
 \$6  
 011000

**Characteristics:** Public (Reg)  
 .1722  
 Publicly Owned

**Last Market Sale:** 06/17/1974  
 \$33,000  
 R919-442

**Sales History:** 03/20/2009  
 Y  
 Sand City Redevelopment Agency  
 Carroll Robert J  
 06/10/2001  
 Y  
 Carroll Robert J  
 Sand City Redevelopment Agency  
 Carroll Robert J  
 Carroll James &  
 Sharon Trust  
 19962  
 Grant Deed  
 16-113  
 Grant Deed



## SUMMARY OF QUALIFICATIONS

### STEPHEN GREGORY BROWN, MAI, SRA, SRPA, R/W-AC CALIFORNIA STATE CERTIFIED GENERAL REAL ESTATE APPRAISER # AG003578

Stephen G. Brown has been in the real estate appraisal profession since 1974. Mr. Brown became a member of the American Institute of Real Estate Appraisers in 1982 and the Society of Real Estate Appraisers in 1980 and achieved the professional designations of MAI and SRPA (Senior Real Property Appraiser). In 1991 the American Institute of Real Estate Appraisers merged with the Society of Real Estate Appraisers at which time the MAI/SRPA members were granted the SRA (Senior Residential Appraiser) designation (continuing education certified through December 31, 2010).

Following graduation from California State University at San Jose he was employed as a staff appraiser for Bank of America in their Palm Desert, CA. office. Then, in 1976, he transferred to the Salinas District Appraisal office. He has been engaged in fee appraisal work specializing in commercial, income producing and residential properties throughout the Monterey County area since 1980.

In 1992 Stephen was granted the state certification for general real estate appraiser by the State of California.

#### ACADEMIC BACKGROUND

##### Formal Education:

California State University at San Jose, 1974  
B.S. Degree in Business Administration with Real Estate concentration.

#### PROFESSIONAL EXPERIENCE

July 1, 1984 Stephen Brown Associates, Inc.-owner, Fee Appraiser  
July 1, 1980 Associated Real Estate Appraisers-owner, Fee Appraiser  
1976-1980 Senior Appraiser-Bank of America, Salinas  
1974-1976 Staff Appraiser-Bank of America, Palm Desert

Valuation work has included, but is not limited to, the appraisal of apartment buildings, commercial retail and office buildings and complexes, as well as industrial and warehouse properties. Valuations include proposed and existing structures in addition to subdivision analysis. Valuations for fee, leased fee and leasehold estates. Purposes of assignments include mortgage underwriting, estate valuation, litigation and condemnation. Approved as an expert witness for residential and income producing real estate (Superior Court and Federal Bankruptcy Court).

#### MEMBERSHIPS AND QUALIFICATIONS

MAI-Member of the American Institute of Real Estate Appraisers Certification #6461  
SRA-Senior Residential Appraiser - American Institute  
California State Certified General Real Estate Appraiser # AG003578 Exp. 8/08/2010  
R/W-AC International Right of Way Association - Appraisal Certification Exp. 1/1/2015  
Licensed Real Estate Broker – California  
Expert witness in the California Superior Court of Monterey County and U. S. Bankruptcy Court, San Jose, CA  
On-call Appraiser – Monterey County Resource Management Agency  
On-call Appraiser – Monterey County Housing and Redevelopment Office  
On-call Appraiser – City of Seaside

#### RECENT CLASSES AND SEMINARS

AI-Appraising Distressed Commercial Real Estate, Stateline, NV 10/23/2009  
AI-The Appraiser as an Expert Witness: Preparation & Testimony, San Diego, CA 4/23-24/2009  
IRWA-Alternate Dispute Resolution (#203), San Jose, CA, 3/12-13/2009  
AI-Condemnation Appraising Principles and Applications, Chicago, IL 1/28-30/2009  
AI-Litigation Appraising: Specialized Topics and Applications, Oakland, CA, 11/13-14/2008  
AI-Construction Defects and Cost Trends & Feasibility Analysis, Stateline, NV, 10/10/2008  
AI-Valuation of Detrimental Conditions, Stateline, NV, 10/9/2008  
AI-Data Confirmation: The 'Art' of Conversation, Berkeley, CA 8/26/2008  
IAWA-Eminent Domain Law Basics for Right of way Professionals, San Jose, CA 5/2008  
AI-Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book), San Diego, CA 5/2008  
AI-Estimating Loss in Value Seminar, Fresno, CA, 4/2008  
AI-Conservation Easements, Seaside, CA 9/2007

CONFIDENTIAL - SECURITY INFORMATION

CLASSIFICATION AND CONTROL INFORMATION  
CLASSIFIED BY: [Redacted]  
DATE: [Redacted]

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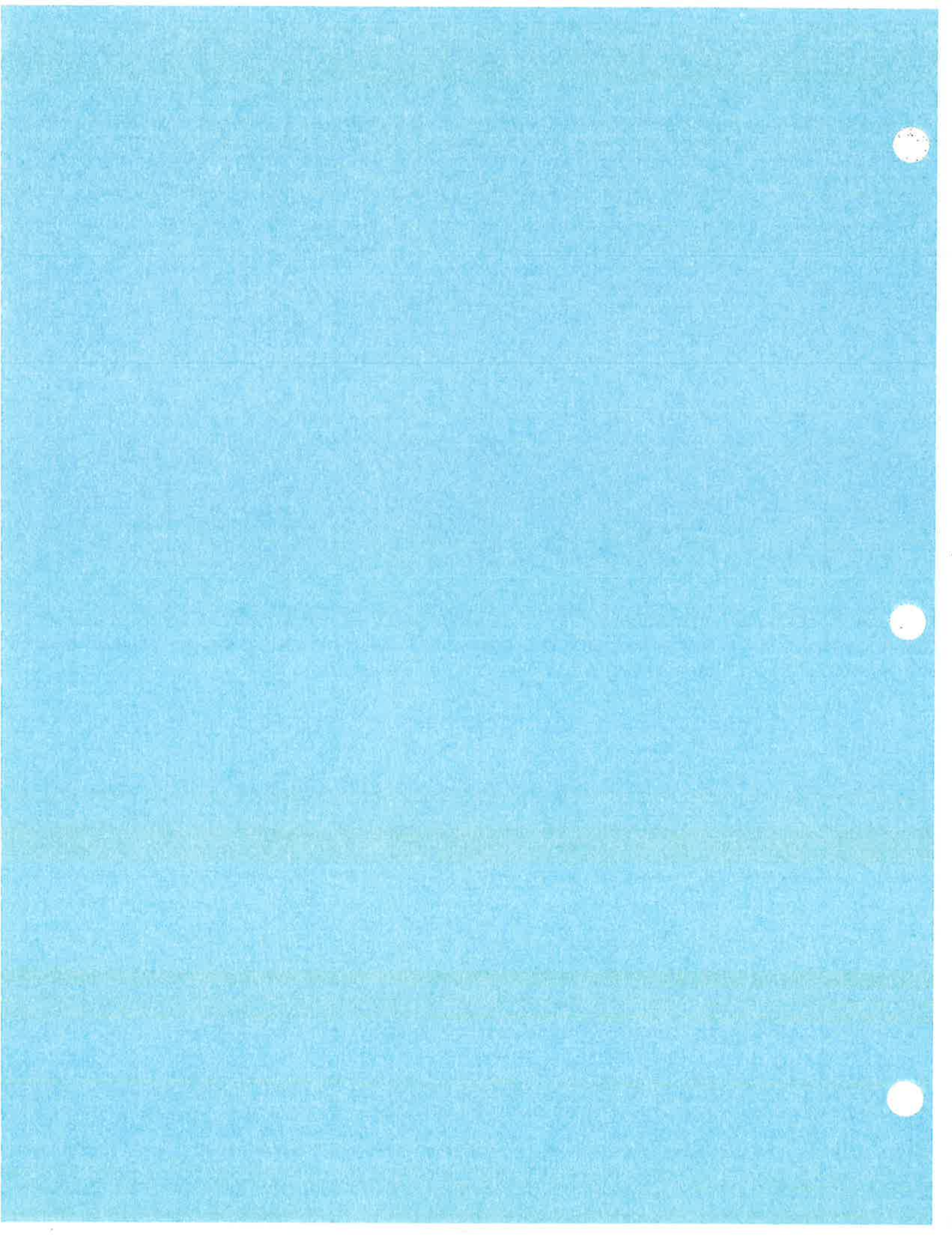
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## PROPERTY #2 – Community Garden:

Reference: Community Garden

Address: No Street Address. Located at the southwest intersection of Dias Avenue and Hickory Street

Assessor  
Parcel No. 011-194-001

Date Acquired:	<u>6/15/2001 - 6/21/2001</u>	Purchase Price:	<u>\$75,000</u>
Lot Size:	<u>5,625 SF</u>	Estimated Current Value:	<u>\$75,000</u>

Current Land Use: MU-D (Mixed Use Development)

Current Zoning: MU-P (Mixed-Use Planned)





Purpose For Which Property Acquired: The property was acquired by the former Redevelopment Agency for use for additional parking by the Sand City Police Department in September of 2009. The 2010-2014 Sand City Redevelopment Agency 5-Year Implementation Plan provides for expansion of Sand City Police Department facilities. In June of 2011, the City approved interim use of this property for community garden purposes. .

Parcel Data: (See above for address/location.) The parcel is located across California Street from City Hall. Improvements including a retaining wall, water storage tank and planting beds have been constructed on the property. The property has been continuously used for community garden purposes since June of 2011.

Income / Revenue: The property has not produced any income or other revenues since the time of its acquisition by the former Redevelopment Agency. Current use of the site as a public community garden does not generate revenue.

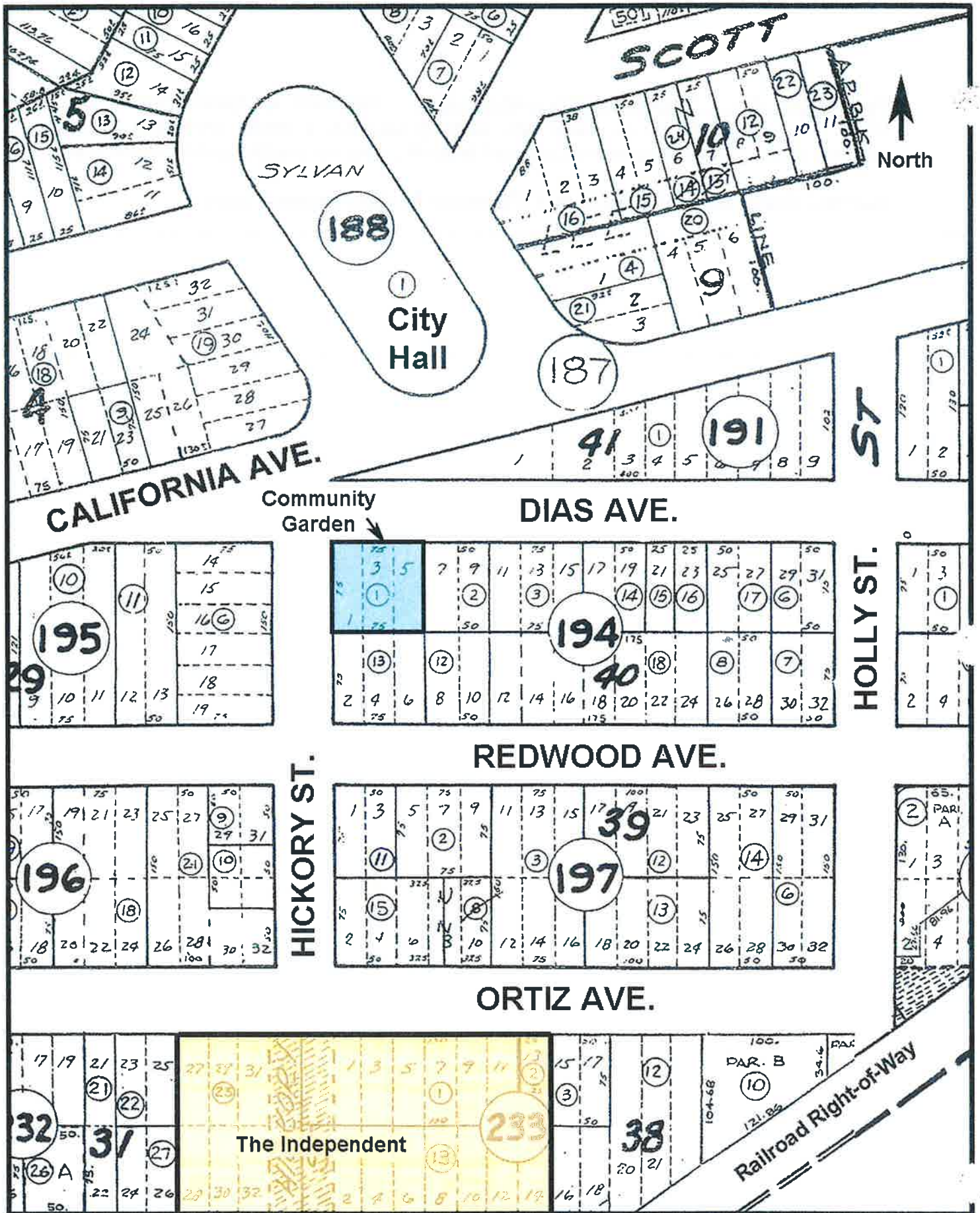
Environmental Assessment: A Phase I Environmental Assessment was prepared by ACC Industrial Services Corporation in April 2001 and an Initial Study/Negative Declaration was prepared by PMC in May 2001. Both reports determined there was no evidence of a recognized environmental condition in connection with the property. A database search conducted on Envirostor on January 24, 2013 confirmed that the project site was not a hazardous materials site. However, it appears to be used as a community garden and the use and application of limited amounts of fertilizers and pesticides may have occurred on the property.

Potential for Transit Oriented Development and Advancement of Planning Objectives: This property has the potential for transit oriented development. It is located less than one-half mile (0.27 mile or six blocks) northwest of the Transportation Agency of Monterey County's (TAMC) proposed future Monterey Peninsula Fixed Guideway Service Station (Seaside stop), which is currently undergoing environmental review. The Monterey Peninsula Fixed Guideway Service will provide light rail transit service between Monterey and Castroville on the existing publicly owned tracks adjacent to Highway 1. The property's proximity to the proposed future light rail station and existing mixed use land use designation provide an opportunity for future TOD. Interim use of the property as a community garden prevents blighting conditions from occurring. The property has been identified for future use for parking for the Sand City Police Department. Future use of the property for parking for the Sand City Police Department is consistent with the policies of the 2010-2014 Sand City Redevelopment Agency 5-Year Implementation Plan.

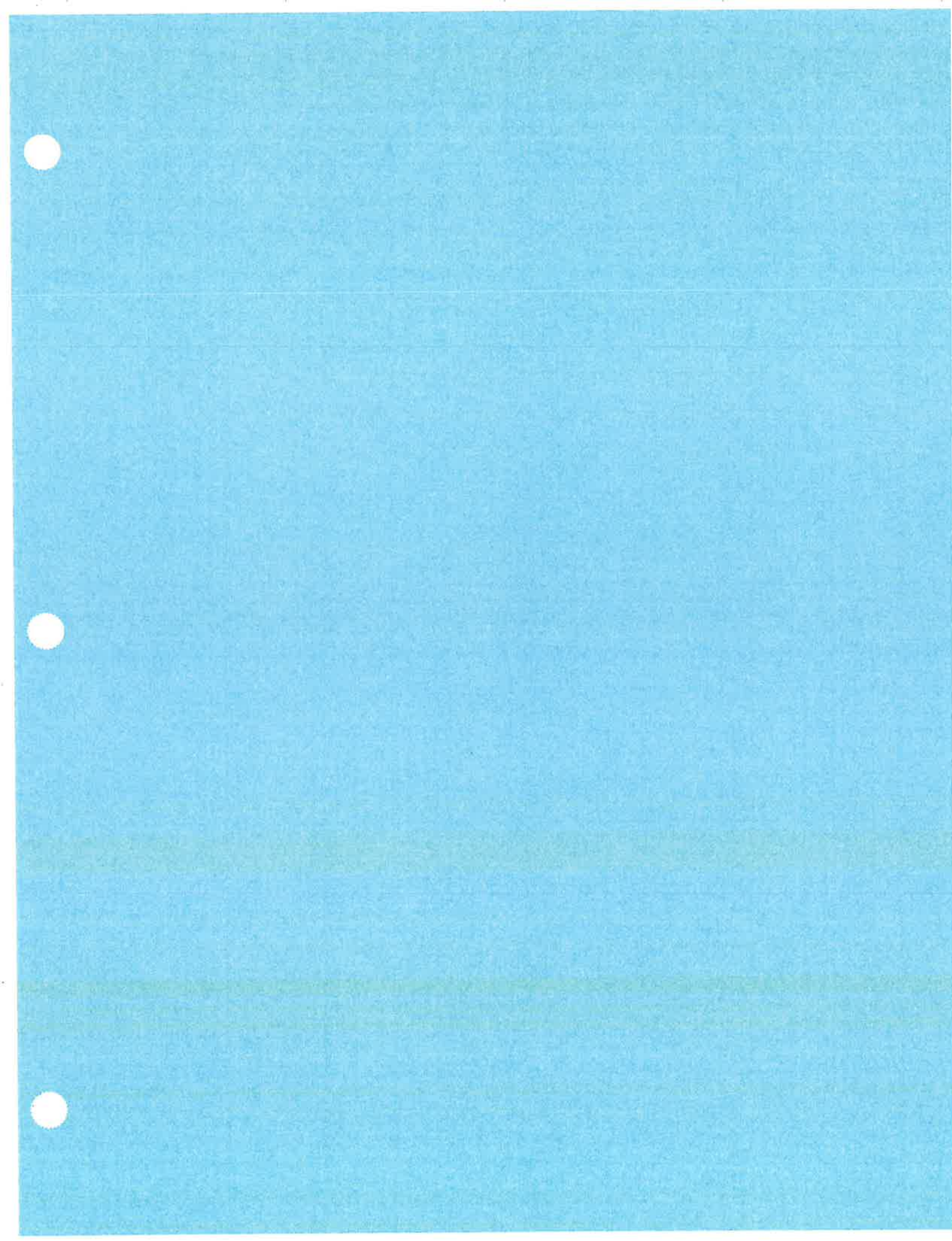
Development Proposals: Up to the time of the Redevelopment Agency's acquisition of the property, there had been no previous development or development proposals for this site, and it remained vacant. The existing community garden resulted from a proposal by a City resident, which the City and Redevelopment Agency found to be acceptable as an interim use until the site is developed for its intended use as parking.

Permissible Use / Disposition Recommendation: Retention for Governmental Use. H&SC sec. 34181(a) (1) for parks and parking facilities. Transfer ownership of this property to the City at no cost for continued interim public uses and planned future use.

Intended Use of Sales Proceeds: N/A (Retention for Governmental Use).







## PROPERTY #3 – Sewer Pump Site:

Reference: Sewer Pump Site

Address: No Address. Fronts Tioga Avenue near Metz Road.

Assessor  
Parcel Nos. 011-122-005

Date  
Acquired: 7/23/2004 Purchase  
Price: \$27,000

Lot Size: 2,250 SF Estimated  
Current  
Value: \$63,000 (Appraisal 11/6/2012)

Current Land Use: East Dunes Specific Plan

Current Zoning: M (Manufacturing)





Purpose for which Property was Acquired: This property was acquired as part of a cooperative endeavor between the former Sand City Redevelopment Agency and DBO Development (a.k.a. The Orosco Group) in the acquisition of properties within the designated South of Tioga Project Area (discussed in the Sand City General Plan) to accommodate redevelopment of this heavily blighted area of Sand City. This is consistent with an objective of the 2010 - 2014 Sand City RDA 5-Year Implementation Plan, which states that *"the Agency will assist in the development of the South of Tioga mixed-use project..."*.

Parcel Data: (See above for address/location.) This property is developed with one of the four lift stations operated by the Seaside County Sanitation District (SCSD). The SCSD is a special district responsible for the maintenance and operation of the sanitary sewer collection system serving an area of approximately 2,400 acres with a population of about 30,000 (Cities of Del Rey Oaks, Sand City, and Seaside). The sewer system consists of approximately 70 miles of pipeline with 930 man-holes, 475 rod holes, and 4 lift stations.

Income / Revenue: The site has been in public domain for sewer utility operation. When the City acquired the site to further the South of Tioga land acquisition efforts, the site continued its previous sewer utility pumping operation. No lease or other revenue generating activities have occurred.

Environmental Assessment: A database search conducted on Envirostor on January 24, 2013 confirmed that the project site was not a hazardous materials site.

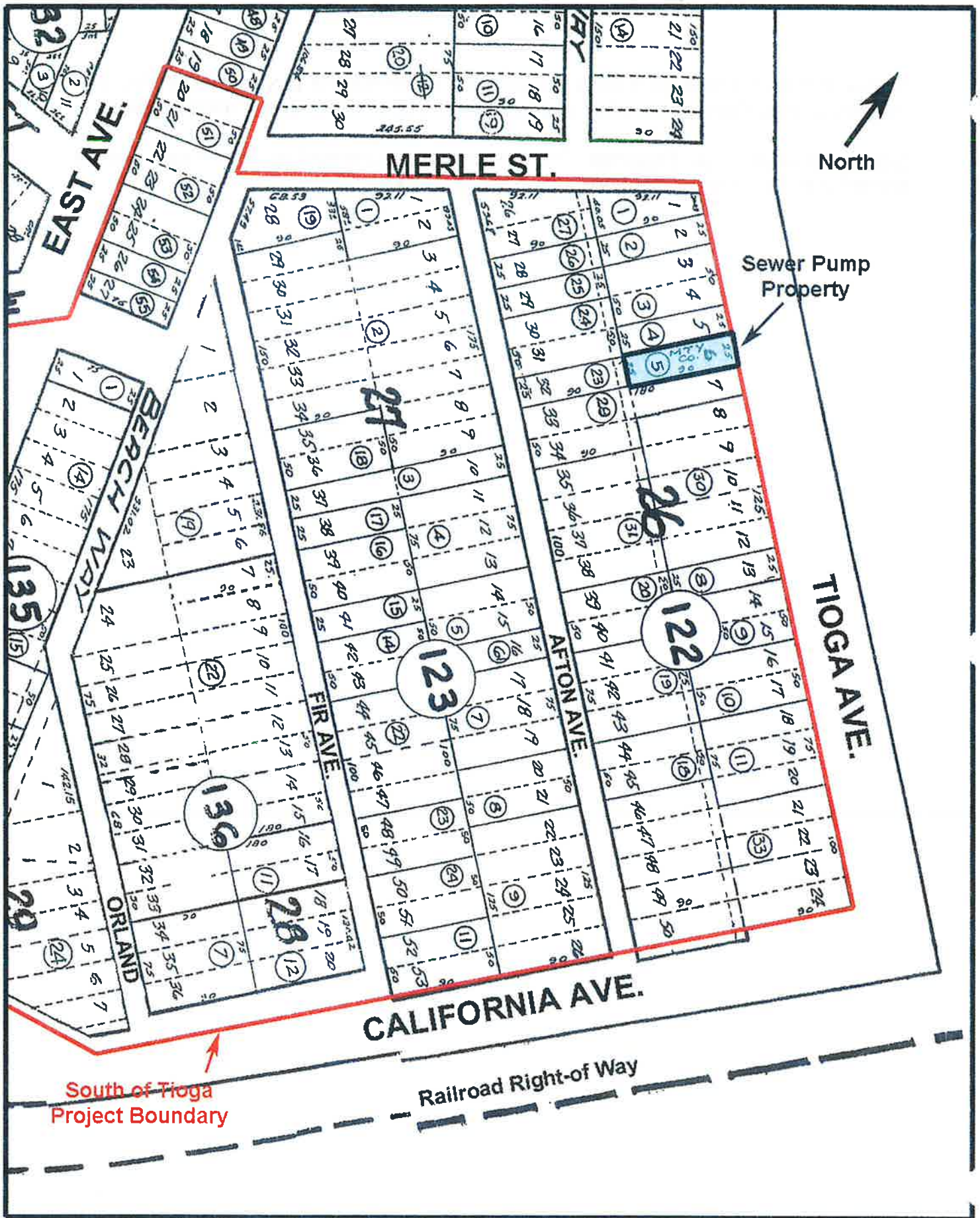
Potential for Transit Oriented Development and Advancement of Planning Objectives: This property does not have the potential for transit oriented development due to its small size. It is located less than one-half mile from the Transportation Agency of Monterey County's (TAMC) proposed future Monterey Peninsula Fixed Guideway Service station (Sand City and Seaside stop), which is currently undergoing environmental review.

Development Proposals: A developer (DBO) has expressed interest in purchasing this property for future development of a larger project within the South of Tioga Planning District. This would be part of a larger land assemblage (11 acres total) for either a complementary commercial development across from Costco or mixed use development. Prior to redevelopment dissolution, the developer had an Exclusive Negotiation Agreement (ENA) with the former RDA for that purpose. Disposition of this property to DBO Development (a.k.a. The Orosco Group) satisfies the original intention of this property's acquisition, and accommodates cohesive redevelopment of the South of Tioga Planning Area to eliminate existing blighted conditions.

Permissible Use / Disposition Recommendation: This property shall be offered to DBO Development (a.k.a. The Orosco Group) at its fair market value as determined by an updated appraisal by an MAI appraiser. This offer shall be effective for sixty (60) days following the submission of the updated appraisal. Should DBO Development/The

Orosco Group fail to open escrow towards the purchase the property within the sixty (60) day period, the property shall be placed on the open real estate market for sale.

Intended Use of Sales Proceeds: The sale revenue generated by this property will be divided and distributed according to each taxing entity.



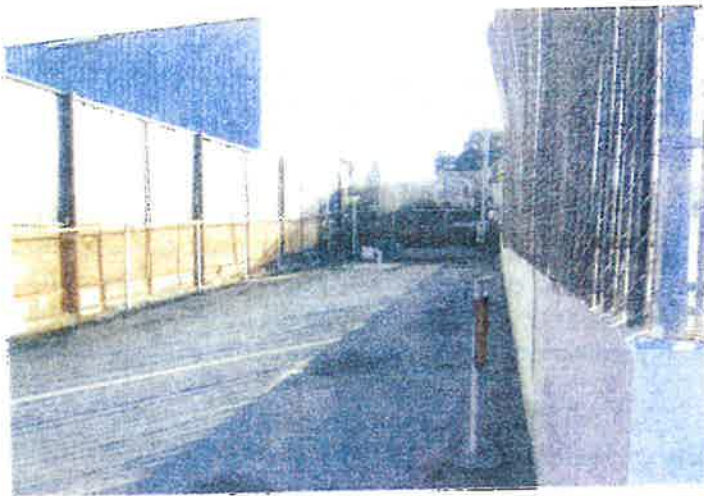
CITY OF SAND CITY

NOV 05 2012

RECEIVED

## Sewer Lift Station Site

Tioga Avenue  
Sand City, CA 93955



Commercial Land Appraisal  
Summary Report  
November 6, 2012

### Prepared for:

Mr. Steve Matarazzo  
City Administrator  
City of Sand City  
One Sylvan Park  
Sand City, CA 93955



# STEPHEN BROWN ASSOCIATES, INC.

## REAL ESTATE ECONOMICS

P.O. Box 887  
Salinas, CA 93902

831.455.1991  
Fax: 831.417.4595  
sba@sba-realestate.com

November 26, 2012

Mr. Steve Matarazzo  
City Administrator  
City of Sand City  
One Sylvan Park  
Sand City, CA 93955

RE: Commercial Land property appraisal presented in a summary report of the Sewer Lift Station Site located at Tioga Avenue, Sand City, CA. Assessor's Parcel No.: 011-122-005

Dear Mr. Matarazzo:

In fulfillment of our agreement, Stephen Brown Associates, Inc. is pleased to transmit our appraisal presented in a summary report format developing an opinion of the market value of the Fee Simple estate in the above referenced real property as of November 6, 2012 on an "As Is" basis. The opinion of value reported is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report.

In order to carry out this assignment, a market study of real estate activity in the vicinity of the subject property has been conducted. This investigation included the collection and analysis of sales, offerings, and other developments which have occurred in the subject and competitive areas in the recent past. The sources of this data included Monterey County records, our own data bank, other information provided by real estate brokers and appraisers, and knowledgeable individuals active in the area. Please reference page 10 of this report for important information regarding the scope of work and analysis for this appraisal, including property identification, inspection, and highest and best use analysis and valuation methodology.

This appraisal has been completed in accordance with (a) the Uniform Standards of Professional Appraisal Practices and Conduct ("USPAP") as promulgated by the Appraisal Standards Board of the Appraisal Foundation, (b) and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

Market value, as used in this appraisal report, is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and



5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: "(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register: 29499, June 7, 1994); Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition (Chicago, 2012) Page 123."

Based upon the investigation, the following Fee Simple market value has been concluded:

### APPRAISAL CONCLUSION

Appraisal Premise	Interest Appraised	Effective Date	Value Conclusion
Hypothetical Condition	Fee Simple	November 6, 2012	\$63,000

#### Market Exposure Time<sup>1</sup>:

- The market exposure time preceding November 6, 2012 would have been 12 months.

#### Hypothetical Conditions<sup>2</sup>:

- The subject property is being appraised per the instruction of the client with the Hypothetical Condition that as of the date of value the property is a vacant parcel ready for development. This is contrary to reality because the site is an operational sewer lift station.

#### Extraordinary Assumptions<sup>3</sup>:

- This appraisal is made with the extraordinary assumption that the improvements on the premise do not contain hazardous chemicals that would require remediation, thus altering the value of the property to a potential buyer as they would consider remediation costs against the price.

The opinions of value stated above, as well as every other element of this appraisal, are qualified in their entirety by the Contingent and Limiting Conditions as well as the Master Assumptions set forth in this report, which are an integral part of the appraisal. It should be noted that the use of hypothetical conditions or extraordinary assumptions might have an effect on the value conclusion.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and addenda.

Respectfully submitted,

Stephen Brown  
 Certified General MAI, SRA, R/W-AC  
 California License number: AG003578

Appraisal File No. C2012-1201B

<sup>1</sup> Exposure Time: see definition on page 35

<sup>2</sup> Hypothetical Conditions: see definition on page 35

<sup>3</sup> Extraordinary Assumption: see definition on page 35

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### AERIAL VIEW



The subject property is shown on the Google Earth Map above and the Parcel Quest Map to the right. The lower picture has the site outlined in blue for illustration purposes.

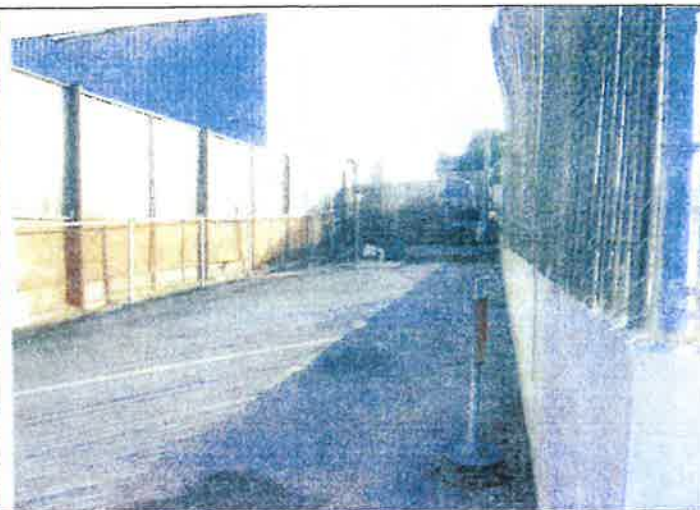




# SUBJECT PHOTOGRAPHS



Tioga Avenue looking east past subject at stop sign



Subject Site



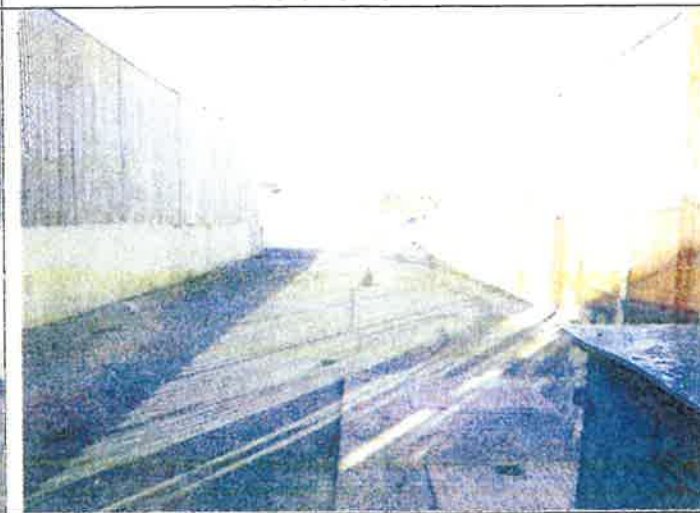
Site and Rear View



North Side View



Sheds located at the Rear



Side View of Sheds

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

**Subject:** Sewer Lift Station Site  
 Tioga Avenue, Sand City, CA, 93955  
**Client:** Mr. Steve Matarazzo  
 City Administrator  
 City of Sand City  
 Sand City Redevelopment Agency  
**Property Owner:** 011-122-005  
**Assessor Parcel Number (Legal):** November 6, 2012  
**Date of Property Inspection:** November 6, 2012  
**Effective Date of Valuation:** November 26, 2012  
**Date of the Report:** Fee Simple Estate  
**Property Rights Appraised:** Commercial Land property appraisal presented in a  
 summary report.  
**Classification of Report and Appraisal:** 2,250± sq. ft. (Based on Monterey County Assessor Map)  
 Land Area (overall): N/A  
 Gross Building Area (GBA):

**Comments:** The subject property has historically been used as the location for a sewer lift station which may have involved hazardous or toxic chemicals. No studies regarding site or soil conditions, building inspections were available for review by the appraiser. As such, the "as is" condition carries with it the assumption that there are no hazardous or toxic chemicals or materials on or in the subject property. Additionally, the site is assumed to be a vacant property (hypothetical condition) available for development.

### MARKET VALUATION SUMMARY

<b>Final Opinion of Value (Hypothetical Condition – Fee Simple)</b>	<b>\$63,000</b>
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The analysis contained in this appraisal is based upon assumptions and opinions that are subject to uncertainty and variation. These opinions are often based on data obtained in interviews with third parties and such data, while part of the overall market evidence, may not always be completely reliable in every detail.

As part of the appraisal process, we make assumptions as to future behavior of consumers and the general economy, which are highly uncertain. It is, however, inevitable that some assumptions may not materialize and that unanticipated events could occur. As such, actual achieved operating results may differ from the estimates contained in this report, and these differences may be material. Therefore, while our analysis was conscientiously prepared on the basis of our experience and the data available, we make no warranty of any kind that the conclusions presented will, in fact, be achieved. Additionally, it should be noted that we have not been engaged to evaluate the effectiveness of management, and we are not responsible for future marketing efforts or other management actions upon which actual results may depend. We take no responsibility for any events, conditions, or circumstances affecting the market that exist subsequent to the effective date of this appraisal.

#### Effective Date of Value Opinion/Date of the Report

The appraisal considers the valuation of the subject property with an effective date of November 6, 2012. In determining the valuation of the property, we will consider the market value under conditions prevalent at that time.



The subject property has been inspected on various occasions throughout the process of preparing an appraisal report. The initial inspection of the subject property was conducted on November 6, 2012 and the final viewing was made on November 25, 2012. The date of the report is November 26, 2012.

**Reasonable Exposure Time Period Opinion<sup>4</sup>**

The exposure time used as the basis for the following analysis preceding November 6, 2012 would have been 12 months.

**Intended User(s)**

This appraisal is for the intended use of the client only.

**Intended Use**

The appraisal problem to be solved is to estimate the 'as is' market value of the subject property to assist the client in making a business decision regarding the potential sale of the subject property.

**Interest Valued**

The purpose of this appraisal is to provide a market value opinion of the Fee Simple estate of the subject property.

**Extraordinary Assumption<sup>5</sup>:**

This appraisal is made with the extraordinary assumption that the improvements on the premise do not contain hazardous chemicals that would require remediation, thus altering the value of the property to a potential buyer as they would consider remediation costs against the price.

**Hypothetical condition<sup>6</sup>:**

The subject property is being appraised per the instruction of the client with the Hypothetical Condition that as of the date of value the property is a vacant parcel ready for development. This is contrary to reality because the site is an operational sewer lift station.

**Sales History**

The subject was transferred on July 23, 2004 with the reported transfer amount of \$27,000.

**Current Listing/Pending Contract(s):**

The subject is not known to be currently listed for sale, or under contract. However, it is the appraiser's understanding that the property may be placed on the market for sale and the subject appraisal may in part be used to help establish an offering price. It is assumed that proper marketing would allow the subject property to reach its market value.

It should be noted that the estimated value is not a listing price. Rather by definition, the estimated value represents the negotiated price between a knowledgeable buyer and seller under the market value definition.

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<sup>4</sup> Exposure Time: see definition on page 35

<sup>5</sup> Extraordinary Assumption: see definition on page 35

<sup>6</sup> Hypothetical Conditions: see definition on page 35

**ASSESSMENTS AND TAXES****REAL ESTATE ASSESSMENTS AND TAXES**

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Taxing Authority	Monterey County Tax Collector
Assessment Year	2012

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**ASSESSED VALUES**

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Tax Identification Number	011-122-005
Land Assessed Value	--
Building Assessed Value	--
Other Property Assessed Value	--
Total Assessed Value	\$0
Real Estate Taxes	\$5.00

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The subject site is exempt from assessment due to public ownership. Upon transfer to private ownership this property will be appraised by the Monterey County Assessor's Office.

## SCOPE OF WORK

Having previously identified the client, the effective date of value and definition of value, the appraiser(s) now considers the relevant characteristics of the subject assignment and assignment conditions which include the definition of the intended users, intended use and type of opinion. Part of completing the Scope of Work is the planning of the assignment so that the client's problem can be solved with credible results. This is the process where the appraiser(s) diagnoses the problem and determines a reasonable means to find a solution.

The Scope of Work for this appraisal is based on the client's desire to have a current market value estimate of the subject site based on the assumption that the existing use is not present and the site is capable of development. This requires the use of a Hypothetical Condition which assumes something contrary to reality as the property is currently used as a sewer lift station. The appraisal is being completed prior to environmental or condition studies and as such the valuation is based on the assumption that the property does not suffer negatively from any unknown issues.

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to determine the appropriate Scope of Work. USPAP defines the Scope of Work as the amount and type of information researched and the analysis applied in an assignment. Scope of Work includes, but is not limited to, the following:

- the degree to which the property is inspected or identified;
- the extent of research into physical or economic factors that could affect the property;
- the extent of data research; and
- the type and extent of analysis applied to arrive at opinions or conclusions.

The following information defines the Scope of Work:

<b>Report Type:</b>	Summary Report
<b>Initial Inspection Date:</b>	November 6, 2012
<b>Market Analysis and Market Conditions:</b>	A complete analysis of market conditions has been made.
<b>Highest and Best Use:</b>	The valuation is based on the estimate of the current highest and best use estimate for the subject property.
<b>Cost Approach Analysis:</b>	Not appropriate for the valuation for the subject land.
<b>Sales Comparison Approach Analysis:</b>	This approach is the most relied upon methodology by the typical buyer and seller in the subject market. The appraiser will utilize this approach for estimating land value subject to assumptions and conditions.
<b>Income Approach Analysis:</b>	Not appropriate for the valuation for the subject land.

In preparing the following appraisal, the appraiser:

- Inspected the property to provide a familiarity with the site, the improvements and its neighborhood, but this inspection should be considered as preliminary with reliance to be made on information provided by professionals, such as licensed building inspectors, licensed contractors, environmental inspectors, architects and engineers. The appraiser is not a professional in the field of inspection or the determination of exact building materials or physical sizes. Without these professional studies the appraiser may be required to utilize the use of extraordinary assumptions or hypothetical conditions as part of the valuation process.
- Gathered information about the subject as well as comparable properties from a wide variety of sources, including, but not limited to, listings and sales of land, improved properties (MLS as well as the Internet), and rentals. All of the data collected was used to form the foundation for further analysis and ultimately comparison to the subject.

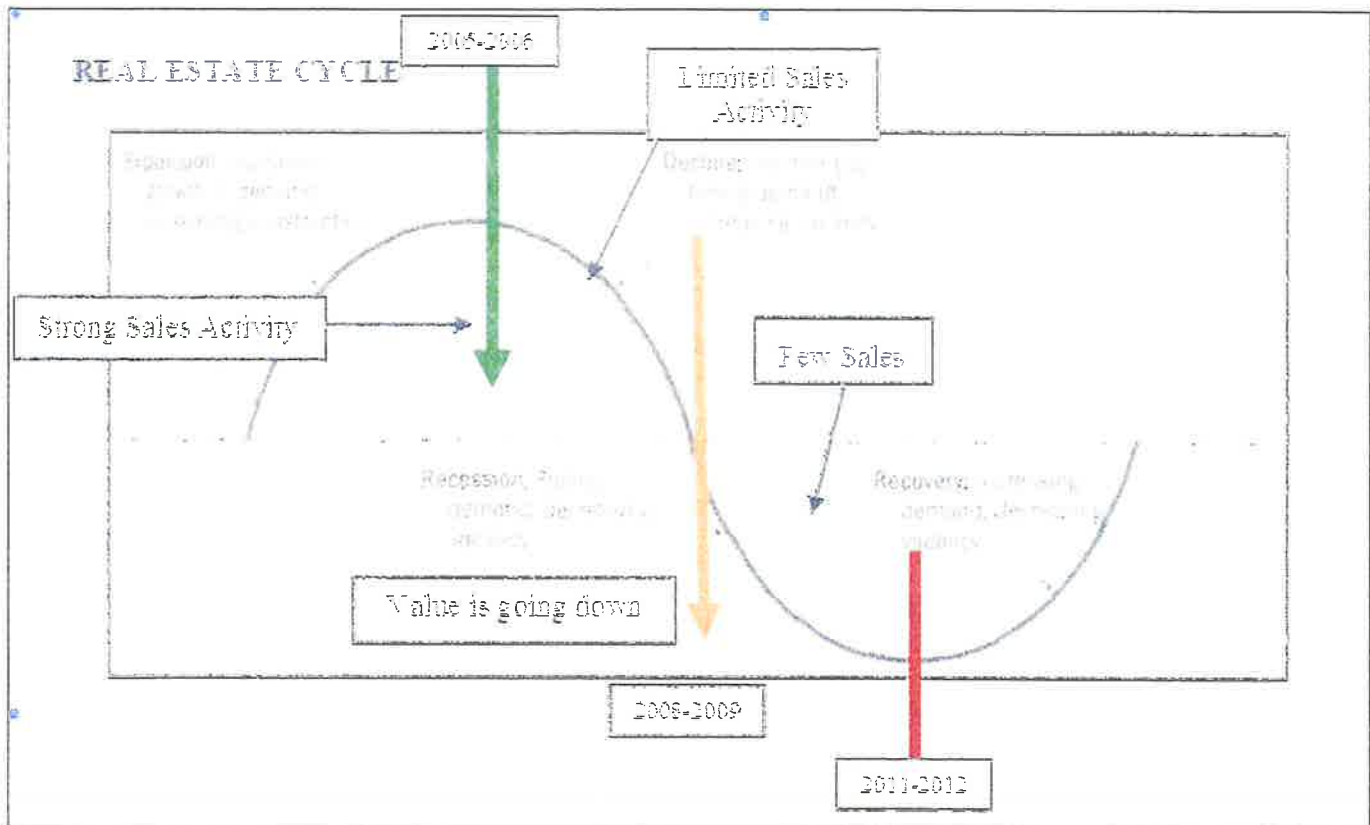
- Confirmed data as required and as available from sources such as City and County records, listing and selling agents/brokers, buyers, sellers, and tenants. Some or all of the data may be from secondary market data sources and not personally verified. .

This appraisal report is a Summary Report, as defined by Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice.



## MARKET CONDITIONS

The traditional market cycle is shown by the following illustration. While stylized into a "normal" curve it is judged as reasonably representing what is commonly considered as the business cycle in real estate. This shows a market moving from a "sellers" market with high demand to a "buyers" market. The green arrow is intended to reflect the generally accepted peak of the market while the orange shows the slide to what was reported to be the "bottom" of the recession at the end of 2009. The red line is somewhat arbitrary because it was intended to suggest that the market would return to the normal growth between 2011 and 2012.



In 2004-2005 the real estate market was continuing its growth, but by November 2008 the National, Statewide and local real estate marketplaces had found their way to recession. One method of measuring market conditions is the level of unemployment. The figures from the State of California in 2006 were weaker than 2004 and 2005 when the monthly gains averaged 20,000 and 24,000 and when the state's housing sector was still adding jobs. December 2004 unemployment level in California was reported to be 6% and by the end of 2005 the level had decreased to 5.1%. By 2011 the state's unemployment was in excess of 12% while the nation was in the 9% range. However, in September of 2012 the reported rate nationally was 7.9% and Monterey County was reported to have been reduced to 8.6% which is an improvement, but still well above a recovering economy.

Financing is another segment of the market that is important to understand when comparing these two time frames. During 2005 financing was reasonably plentiful for all types of properties including acquisition and development loans for new construction, but in 2007 the market was becoming more restricted as the residential market started to fail followed by a financial crisis in 2008. Since 2008, the availability of commercial financing for land acquisition and development has been nearly non-existent for all but the most prime customers. Liquidity has not returned to the banking industry and while the cost of money is relatively low, the outlook for project development remains dim. However,

from 2011 "owner user" property acquisition financing had become more available at relatively high loan to value ratios and historically low interest rates.

What is significant to understand is that in 2004-2005, the real estate market was booming and there was optimism for real estate. In 2012, the recession continues, financing for most property types other than single family dwellings remains difficult to obtain and the prospect of any meaningful improvement in the lending marketplace may be years away.

These general trends are judged to show that market conditions in 2004-2005 represented a "sellers" market which typically reflects greater than typical demand (competition) as opposed to 2012 the opposite side of the spectrum is shown which is represented as a "buyers" market where demand is low and buyers are considered to have the upper hand. Under current market conditions buyers may be "cash" buyers who have even greater opportunities than normal.

#### Improved Light Industrial Properties

The market place for small industrial properties suffered much like other types of real estate during the 2007-2012 timeline. Values, demand and occupancy all were reduced during this period of time. The erosion of market conditions during 2012 appears to have slowed or stopped. It is unknown if this is a pause in a continuing downturn or a stabilization in the market. As stated prior, few lenders are in the market providing financing for purchases by owner users. However, it is reported by local brokers that "investor" purchase financing still remains limited.

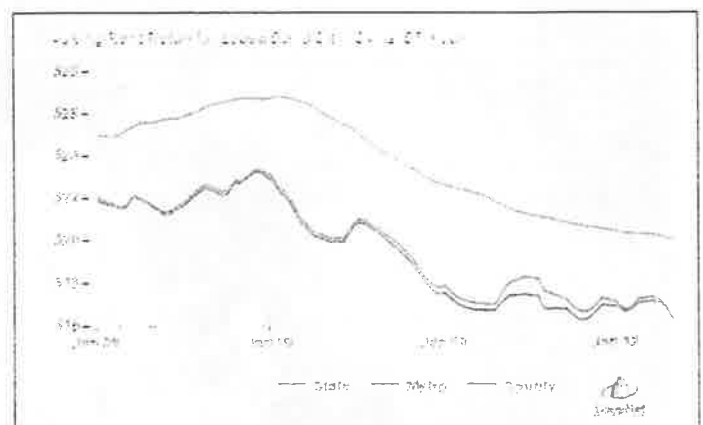
## MARKET AREA ANALYSIS

From 2008 to 2011, the market had become increasingly depressed due to the recession. During mid 2012 there appears to have been some change in the market evidenced by greater offerings for sale. It is unknown if this activity is wishful thinking by agents and owners. Some property types have recovered more quickly than others and some areas have stronger demand than others which makes it important that the appraiser reviews market data that directly applies to the subject and its competitive marketplace.

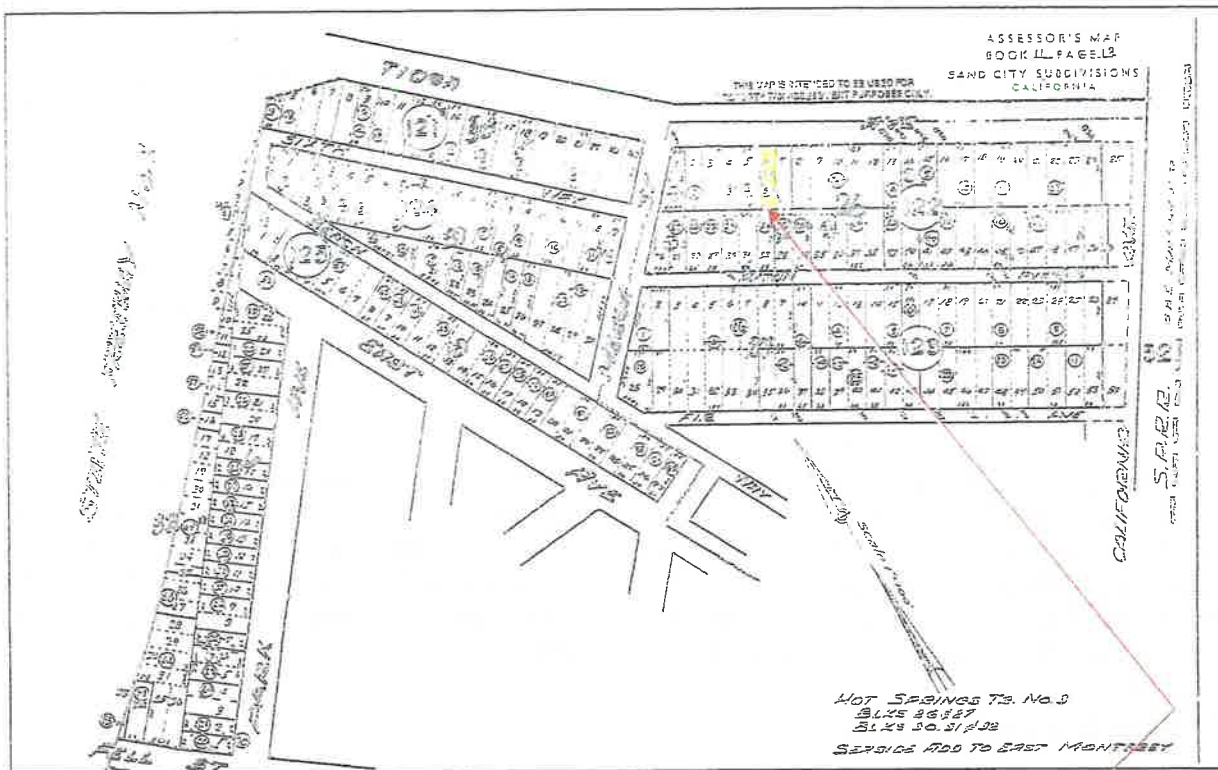
#### Local Market

Much of the prior market conditions comments reflected the overall market on a nationwide basis. The recessionary conditions have had an impact on most all types of local real estate with some areas more affected than others. The following grid illustrates the "general" retail rental rate trend over the past five years that applies to the subject and competitive areas.

Overall, this data suggests that in general values continue to fall from the market highs as rental returns fall.

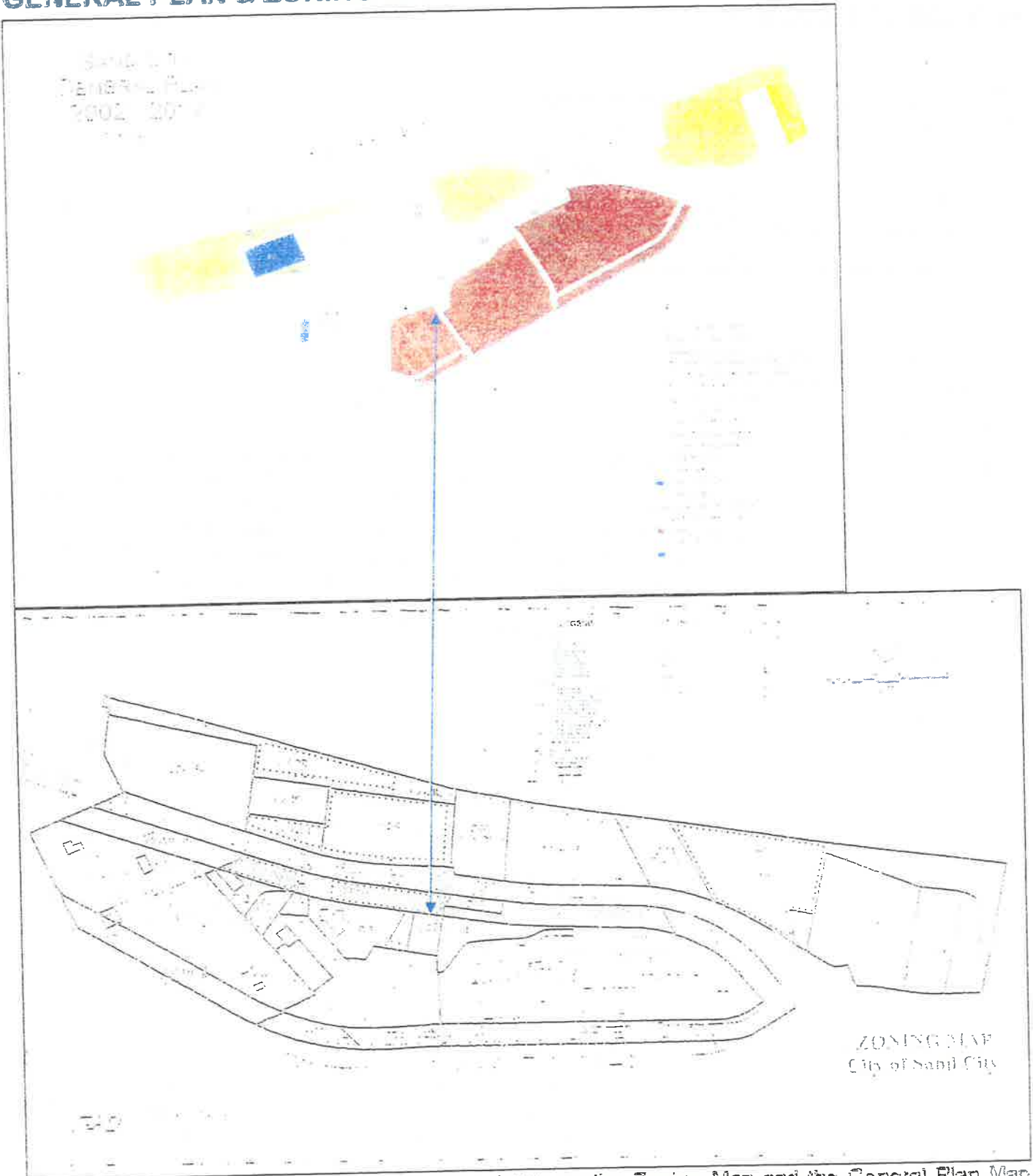


# APN MAP





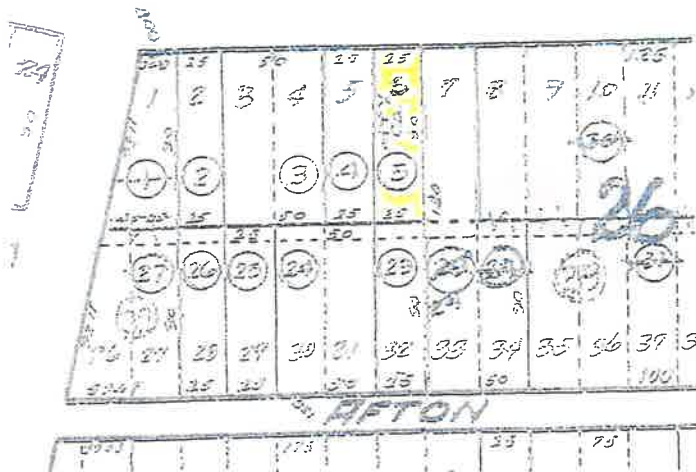
# GENERAL PLAN & ZONING MAPS



There are inconsistencies between the uses shown on the Zoning Map and the General Plan Map and by law the General Plan Map supersedes the zoning designations. However, in both cases the underlying use is for commercial development.



# SITE IDENTIFICATION



The subject consists of a single lot with narrow frontage at a "T" intersection.

## Locational Information

### Location:

The subject is located on Tioga Avenue in the vicinity of the intersection of Metz Road. Metz Road provides circulation around the rear of the Sand Dollar Shopping Center and connects to Playa Avenue which provides access from Seaside to Sand City and more specifically to the Edgewater and Sand Dollar shopping centers. Tioga Avenue in the vicinity of the subject consists of older light industrial uses.

### Property:

Tioga Avenue, Sand City, CA

### Development Name:

Sewer Lift Station Site

### Assessor's Parcel Number:

011-122-005

### Existing Use:

The subject site is the location of a sewer lift station that is operated by Seaside County Sanitation District. The equipment and sewer lines are located under the paved surface with minor above ground improvements such as those shown in the adjacent photo.



The underlying assumption of this analysis is that the subject site is a vacant site without any improvements, without easements that impact its use and capable of being developed as an individual parcel.

## Zoning

### Zoning Classification:

M

### Zoning Description:

The subject is zoned "M" which is the designation for manufacturing. However, the General Plan designation is C-4 which represents Regional Commercial development. To comply with C-4 zoning the subject site would be require to be 5,000 sq. ft. as a minimum.

### Zoning Change Likely:

Yes

### Zoning Comments:

The "South of Tioga" area consists of 11½ acres of land controlled in part by interim conditional use permits awaiting the completion of the land assemblage so that a large-scale redevelopment project

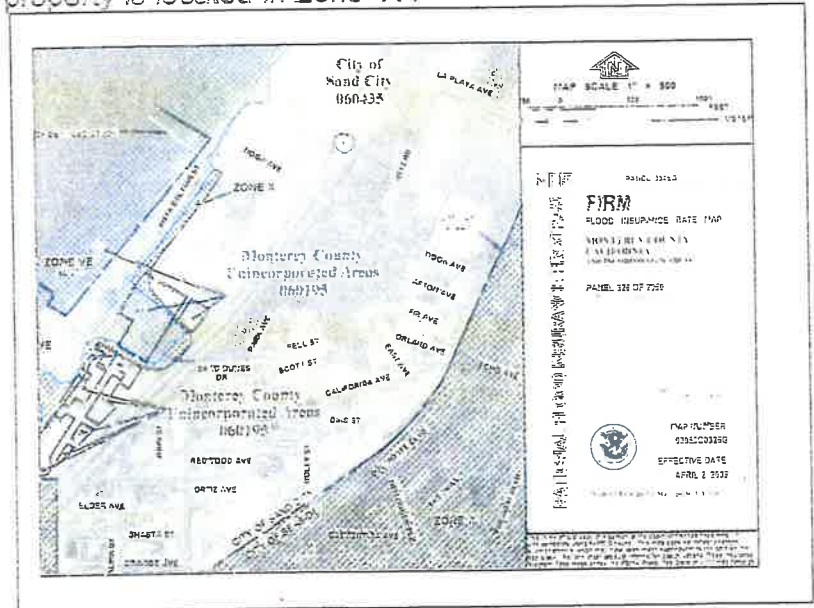
can be completed. There have been more than Thirteenth (13th) Amendments to the Exclusive Negotiation Agreement (ENA) with DBO Development for Redevelopment of the area. Changing demand over time and poor recent market conditions has slowed the process. The subject is located within this area.

Utilities at Site and Improvements

Water:	Available - At Site
Sewer:	Available - At Site
Electricity:	Available - At Site
Natural Gas:	Available
Telephone:	Available
Cable TV:	Available
Adequacy:	The utilities in the subject area are typical and adequate for the market area.

Land Information

Land Area (overall):	2,250± sq. ft. This calculation is based on the dimensions shown in the Monterey County Assessor Map. It is noted that the map is designated for property tax assessment purposes only, but in-lieu-of having a survey of the subject site; this source is considered as reasonably reliable (extraordinary assumption).
Shape:	Rectangle
Terrain/Topography:	Level at Street (partly retained along three sides)
Access:	Average
Visibility:	Average
Seismic:	Typical for area - All of Central California is subject to earthquakes. Monterey County and the Monterey Peninsula have known faults which at some point may be the location of an earthquake. However, to this point in time this factor has not affected real property value in the subject area.
Soil Conditions:	Assumed to be adequate for development.
Flood Plain:	According to Flood Insurance Rate Maps, published by FEMA the subject property is located in Zone "X".



<b>Drainage:</b>	Assumed to be adequate, although an inspection was not made during a heavy rain period.
<b>Title Report:</b>	No title report was available for review by the appraiser. As such, the appraisal is based on the assumption that there are no negative title issue that would affect value.
<b>Easements/Encumbrances:</b>	For the purpose of this appraisal it is assumed that there are no known adverse encumbrances or easements.
<b>Environmental Hazards:</b>	The subject site is located in a manufacturing zoned area of Sand City which may be considered by some to present environmental hazards. However, there are no obvious hazards.
<b>Wetlands/Watershed:</b>	N/A
<b>Site Improvements:</b>	The subject is improved over virtually 100% of the land area with older asphalt paving that is in average condition with a few minor holes. The paving provides all weather access to trucks for servicing the lift station. The site is fenced on three sides including some concrete block wall area that acts as a retaining wall at the rear of the site.

### Site Summary

The subject property consists of a single parcel with narrow frontage located at an intersection that is controlled by a stop sign. The site is fenced on three sides with concrete block walls used in part to retain slightly higher elevations of the adjacent parcel. However the slope is primarily at the rear of the site and the walls and fencing act as boundaries from the other properties.

The subject is located in an "M" zoned area, but the General Plan designates the site for regional commercial development. The subject as an individual site theoretically could be developed with a use consistent with regional commercial development, but such a use would be challenging due to the size of the site. According to Mr. Charles Pooler, City of Sand City Planning Department, there are potential uses that the subject site would be allowed to be developed with that would not be required to be part of a regional retail development. Of those uses a residential and "live-work" are judged as potential uses.



## HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined as "the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value."<sup>7</sup>

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive:** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

### Highest and Best Use as Vacant

The first question to be answered is whether the land should be developed or left vacant. If development is appropriate. The second question is then determining what kind of improvements should be built. The issue of zoning is judged to be the first control of the land to be analyzed. The current zoning is M the designation for manufacturing, but has a general plan designation of C-4 for regional retail use.

The subject is a 2,250± sq. ft. site with 25 feet of frontage. Under the Hypothetical Condition being used as the basis for this analysis, the subject is assumed to be without any improvements, but with connections to services making it a developable site. The existing zoning ordinance defined "M" zoning as follows:

**18.20.010 Purpose.** The purpose of the M district is to provide land for a wide range of manufacturing, wholesale and other industrial-related activities. The M district would accommodate those uses where noise, glare, outdoor storage, heavy trucking and rail operations and other similar factors are common and which should be set off from other activities, particularly residential, which would be adversely affected by these characteristics. (Ord. 84-1 §11-1, 1984)

**18.20.020 Principal permitted uses.** Principal permitted uses in the M district are as follows:

- A. Manufacture, processing, storage and packaging of food, concrete, asphaltic concrete, sand, gravel and storage of petroleum based products;
- B. Fish and meat packing;
- C. Wholesaling, storage, warehousing and heavy equipment storage;
- D. Printing, publishing and bookbinding plants;
- E. Railroad terminal facilities, truck depots;
- F. Public utility buildings and substations;
- G. Uses appurtenant to a permitted use such as offices, storage, repair and maintenance;
- H. Existing residential units shall remain as conforming uses in the M district, and will be allowed accessory uses, buildings and mobile homes as deemed appropriate by the city council. Site plans will be required for all construction or physical alterations in the M district. (Ord. 84-1 §11-2, 1984)

Under land use law the General Plan supersedes current zoning when there is a difference, as such, the C-4 designation controls the use and the zoning ordinance will be amended to support the use. The appraiser requested guidance from the City of Sand City regarding allowed uses under this designation given that the "M" zoning is inconsistent. According to Mr. Pooler, the subject site could be used, as an individual site under C-4 zoning but retail development as a single site of less than 5,000 sq. ft. would not be allowed. One dwelling can be constructed on a minimum sized site of 1,825 sq. ft. and a live-work mixed use development would be allowed if required on-site parking is provided.

<sup>7</sup> *The Appraisal of Real Estate* 13<sup>th</sup> Edition, Pages 277-278, Appraisal Institute



## Land Valuation

In the Sales Comparison Approach, the appraiser(s) develops an opinion of value by analyzing similar properties and comparing these properties with the subject property. The approach draws heavily upon the principle of substitution. In essence, this principle states that a prudent purchaser will pay no more for any particular property than it would cost to acquire an equally desirable alternate property. This approach consists of the comparison of the subject to a similar property, which has recently sold or is currently being offered for sale. This comparison process involves making adjustments between the subject property and the comparable properties on an item-by-item basis. The factors considered in the comparison include date of sale, conditions of the sale (including financial terms), and physical characteristics. The subject property is the standard, and the adjustments are made to the sale price of the comparable property in order to arrive at an indication of value for the subject.

### Land Comparables

From all of the sales and listings researched for this analysis, the appraiser has produced the following examples. What can be seen is the historical increase and decrease in asking prices. At the lowest point in the most recent market, which is judged to be around December of 2009, the market values could have been as low as found more than a decade earlier. Since that time, some increase in value is likely to have returned to the market, but vacant land unlike improved properties most typically does not have a long term economic return. Additionally, vacant land unlike improved properties is more difficult to finance and requires greater equity participation (down payment). Thus, recessionary market conditions typically restricts the sales activity and depresses current land values.

The first of the comparables is a property that is located one block from the most recent improved property sale on Dias Avenue. The significance of this comment is that the appraiser has detected that different types of properties can be affected differently by supply and demand characteristic within the same neighborhood. In this case, undeveloped land has limited if any demand while specific types of improved properties appear to have good demand.

### Comparable Sales Data

A search was made of the local market for sales, listings (active and expired) to help bracket a reasonable value range for the subject. The following array of sales spans 15± years which is judged to represent three different business cycles not all of which are comparable to the subject, but cumulatively help the appraiser better estimate the current value. It is from this study that the appraiser can analyze the relationship of prior sales, changes in current market conditions and ultimately form an opinion of the subject's current value.

Comparables #1 and #2 are part of the previously discussed assemblage project. They have been analyzed as part of the overall market analysis.

Comp. #	APN / Address	Sales Date	Doc. #	\$PSF
#1	011-123-006 Afton Avenue	11/9/2007	2007085012	\$40.00±

This comparable is shown as #1 because of its location. It is also the same size with 25 feet of frontage and 90 feet in depth creating 2,250 sq. ft. in overall area. However, that is where the similarities stop as this parcel is located on an unpaved road. It has an easement for sewer that runs across the front of the site potentially reducing its usable area. The reported sale price was \$90,000 which reflects a price per sq. ft. of \$40.00 per sq. ft. The timing of the sale was at the end of the

business cycle. Of significance regarding the price paid for the property is that it is judged to be above its market value which was likely because the seller was aware that the developer was assembling land. When compared with market conditions existing as of November 2012, the price paid is judged to be well above its current market value if sold to a buyer for use other than "assemblage". However, this parcel is inferior to the subject under the hypothetical condition being used.

Comp. #	APN / Address	Sales Date	Doc. #	\$PSF
#2	APN D11-122-001-004, 024-027 303 Tioga Ave	1/28/2008	2008007714	\$20.83± plus Demolition

This property was improved, but the improvements were not judged to contribute to the overall land value due to their condition. However, there was reported to be an existing water entitlement of .165 acre feet which was an enhancement. The location is along Tioga Avenue a paved street, but some of the sites also have frontage along an unimproved section of Ardon Avenue. The sale consists of 10 lots with a total estimated area of 25,209± sq. ft. The reported sales price of \$525,000 reflects a price of \$20.83± per sq. ft. prior to demolition. This property as well as Comp. #1 are part of the DBO assemblage, but the price for this sale did not appear to be affected as observed in Comp. #1.

Comp. #	APN / Address	List Date	Doc. #	\$PSF
#3	APN 011-194-002 and 003 636 Dias Avenue	1/10/2005 10/31/2011	MLS #80833516 MLS #81130219	\$66.67± \$39.11±

This property based on its original listing consisted of three lots totaling 5,625± sq. ft.; one of which had a small mobile home. The owner explored the development of a mixed use property with preliminary plans, but no approvals. The property was listed for sale at \$575,000 on 1/28/2008 and expired 8/1/2008. The property was relisted at \$525,000 on 9/11/2008 and was reduced four times since the original listing, expired and then was relisted again at \$375,000. As of August 27, 2010 the listing expired at \$300,000 and the size of the site had been reduced to 5,322 sq. ft., but based on the Assessor the size is 5,625 sq. ft. In July 2011, the property was relisted for \$250,000 and was reduced to \$220,000 shortly after and then expired. The property had been transferred back to the original seller prior to the expiration of the listing in what appears to be some type of foreclosure proceeding.

MLS #	Change Date	Type	Dir. Value	Net Value	Broker Code	List. Sell Office
81130219	10/31/2011	Status	A	E	M5230.1	Mid-Coast Investments
81130219	07/31/2011	List S	\$250,000	\$220,000	M5230.1	Mid-Coast Investments
81130219	07/09/2011	Status	A	A	M5230.1	Mid-Coast Investments
81120219	07/09/2011	List S		\$250,000	M5230.1	Mid-Coast Investments
81042490	05/28/2011	Status	A	E	M5230.1	Mid-Coast Investments
81042490	05/24/2011	List S	\$320,000	\$300,000	M5230.1	Mid-Coast Investments
81042490	05/11/2011	List S	\$330,000	\$320,000	M5230.1	Mid-Coast Investments
81042490	03/23/2011	List S	\$350,000	\$350,000	M5230.1	Mid-Coast Investments
81042490	03/27/2010	List S	\$375,000	\$350,000	M5230.1	Mid-Coast Investments
81042490	08/27/2010	Status	A	A	M5230.1	Mid-Coast Investments
81042490	08/27/2010	List S		\$375,000	M5230.1	Mid-Coast Investments
80833516	03/01/2010	Status	A	E	M5230.1	Mid-Coast Investments
80833516	01/06/2010	Status	E	A	M5230.1	Mid-Coast Investments
80833516	01/05/2010	Status	A	E	M5230.1	Mid-Coast Investments
80833516	12/09/2009	List S	\$395,000	\$375,000	M5230.1	Mid-Coast Investments
80833516	12/09/2009	Status	E	A	M5230.1	Mid-Coast Investments
80833516	12/02/2009	Status	A	E	M5230.1	Mid-Coast Investments
80833516	10/30/2009	List S	\$445,000	\$395,000	M5230.1	Mid-Coast Investments
80833516	01/14/2009	List S	\$495,000	\$445,000	M5230.1	Mid-Coast Investments
80833516	10/30/2008	List S	\$525,000	\$495,000	M5230.1	Mid-Coast Investments
80833516	09/11/2008	List S		\$525,000	M5230.1	Mid-Coast Investments
80833516	09/11/2008	Status	A	A	M5230.1	Mid-Coast Investments
80774755	08/01/2008	Status	A	E	M5230.1	Mid-Coast Investments
80774755	01/28/2008	List S		\$575,000	M5230.1	Mid-Coast Investments
80774755	01/28/2008	Status	A	A	M5230.1	Mid-Coast Investments

Document Number: 2008002404	Document Number: 2008002404
Document Date: 10/20/2008	Document Date: 10/20/2008
Pages: 2	Pages: 2
Document Type: 000 - Deed	Document Type: 000 - Ground Deed
Serial Page: 004 - 004	Serial Page: 004 - 004
Parcel Number: 011-236-015	Parcel Number: 011-236-015
Transfer Date: 10/20/2008	Transfer Date: 10/20/2008

General Notes	General Notes
WARRANTY DEED	WARRANTY DEED
WARRANTY DEED	WARRANTY DEED
WARRANTY DEED	WARRANTY DEED

The prior owner purchased the subject for \$320,000 (\$56.89± per sq. ft.) in January 2005. Important to that sale was that these sites were once served by water from three residences, which added dramatically to the appeal for immediate redevelopment at the time of the purchase. While an active listing, this property showed no potential to achieve a sales price anywhere close to its original sale and most of the reduced asking prices even though that owner had preliminary plans for a mixed use development of 1,700 sq. ft. of ground floor commercial space with (2) two bedroom and one bath units above. Additionally, any benefit that this property might have enjoyed due to historic water use was of no real contribution once the desalination plant became operable.

The final listing had a price of \$250,000 reflecting \$44.44± per sq. ft. and then the reduction to \$220,000 produced an unsuccessful asking price of \$39.11± per sq. ft. which is judged to exceed its current value. Having been purchased in 2005, the price by current standards is judged to have been inflated. Some properties purchased in that time frame have suffered losses of 50% or more and if that were applied to the prior sale price as an adjustment the result would be an adjusted price of \$28.44± per sq. ft.

**Changing market conditions (variations of size, location and water credits)**  
 The market for vacant development land in the Sand City area has shown some volatility in price over time. Some of the volatility is explained by the amount of water credits or lack thereof and by changing demands related to expanding and contracting business cycles. The following sales show some of these variations. Comp. #5 sold with water, but was a difficult lot for development due to issues related to retaining walls and limited access. Additionally, during early 2000 the stock market had corrected in what was known as the Dot.com bust which also impacted real estate values during the 2000-2003 period. Comps.#4 is judged to be the best location and sold at the peak of the prior market period.

Comp. #	APN / Address	Sales Date	Doc. #	\$PSF
#4	011-236-015 Orange Avenue/Contra Costa/ Shasta Avenue	5/26/2000	2000033425	\$21.33±

This property with 15,000± sq. ft. has three street frontages, is well located at the entry to Sand City and was relatively level. The property reportedly sold for the price of \$320,000 which is \$21.33± per sq. ft. This property is planned and approved for a two story mixed use project which will have 6,500 sq. ft. of commercial space on the ground floor and four apartments above which was designed to have 4,642 sq. ft. of living area. This site was better located than some of the other parcels, but also had a water allocation for development.



Comp. #	APN / Address	Sales Date	Doc. #	\$PSF
#5	011-187-004 Park Avenue	2/16/2001	200101090	\$18.69±

This property is located on a narrow sloping street. The site has a retaining wall along the east property line that has questionable engineering stability. The site sold for \$100,000 and the buyer received water credit for development. The buyer was a wood flooring contractor and planned a "live-work" development.

### Comparable #6 / Live-Work Property

#### Location Data

Assessor's Parcel #: 011-271-002  
 Use Code:  
 Location: 418 Orange Avenue  
 Sand City, CA 93955-3021  
 County: Monterey  
 Market Type: Small

#### Physical Data

Type: Industrial  
 Land Area Acres: .043  
 Land Area Sq. Feet: 1,875 Sq. Ft.  
 Gross Area (SF): 1,800± Sq. Ft. (MLS)  
 Net Rentable (SF): 1,800± Sq. Ft. (MLS)  
 Zoning: MU-D  
 Number of Units: 1  
 Year Built: 1989 (Assessor)  
 No. of Stories: 2  
 Property Condition: Average  
 Parking/Spaces: Average



#### Sale Data

Status: Recorded  
 Date: 6/27/2012  
 Listing Price: \$449,000 (expired)  
 Mkt. Time- DOM: 365  
 Grantor: Muriel Foster Trust  
 Grantee: Leon and Anne Anderle  
 Document No: 2012037259  
 Sale Price: \$370,000  
 Financing: \$300,000 (seller)  
 Cash Eq. Price: \$370,000  
 Confirmation Source: Recording/Assessor/Broker

#### Analysis

Adj. Price Per Square Foot: \$205.56±

#### Comments

This property was listed in 2010 for \$525,000 and expired at \$449,000 on June 5, 2011. The listing agent indicated that they did not have any involvement in the sale. The property has a courtyard parking area with the lower floor being dedicated to commercial use (historically an artist studio) and there are living quarters on the second floor creating a "live-work" property.

This is an example of a property similar to what could be developed on the subject property. With the lack of land sales the appraiser is using this market example to extract an estimated contributory land



value. Based on valuation theory there are four components that create value and they are land, labor, capital and coordination. Translated into more familiarly categories coordination is known as developer or entrepreneurial profit, capital is represented by the construction loan and labor is represented as the costs of the improvements (hard and soft costs). When these components are subtracted from the value or purchase price of an improved property the residual is the value or price of land. For this example a 20% deduction for profit is first. The labor and capital are represented as depreciated construction costs which are estimated at \$135.00 per sq. ft. which leaves the residual from the land. This is calculated as follows.

Address	Sale Date	Sale Price	Sq. Ft.	Site Sq. Ft.	DOM	\$/PSF	Profit/Sale	Allocation	Residual	\$/PSF
418 Orange Ave.	6/27/2012	\$ 370,000	1800	1875	unk.	\$205.56	\$308,333	\$ 135.00	\$ 65,333	\$ 34.84

There are many variables, but the adjustment used in the prior example are judged as reasonable and the result suggest that the underlying land value is in the range of \$65,000 or \$35.00± per sq. ft., in rounded numbers.

### Residential Land Value

As an alternate use, the subject property could be developed with a residence. As such, a search was made for residential land sales in Sand City. In much the same fashion, the sale of developable residential land has been highly limited. There are two primary reasons, first of which is that much of the developable land has been developed leaving few lots that are available to be sold. With the limitations on water until the desalination plant was certified many vacant lots were without a source of water and could not obtain approvals. Second, there has been a recession since 2008 reducing the economic viability of many new developments. The result is a limited market for comparable data as experienced for the commercially zoned property.

Without recent sales of developable vacant residential parcels, the appraiser has analyzed the recent improved property sales in Sand City for the purpose of extracting an indication of the underling land value. Following the residential market crash, there were a number of sales of relatively new dwellings in Sand City which are shown later in this section.

Most of the sales shown prior were impacted by the foreclosure process, but each was listed on the market. For purposes of this analysis the appraiser used \$125.00 and \$135.00 per sq. ft. for the improvements and soft costs which was deducted from the sales price after reduction by 20% to represent profit for construction and marketing. The result is shown in the following grids.




While condition, age and quality of the improvements may vary, the allocations are judged as a reasonable method of extracting an expression of the land value contribution. What the analysis does not show is the indicated residual land value on a per sq. ft. basis.

Address	Sale Date	Sale Price	Sq. Ft.	Site Sq. Ft.	DOM	\$/PSF	Profit/Sale	Allocation	Residual	\$/PSF
604 Scott Street	6/14/2011	\$ 396,000	2000	5000	12	\$198.00	\$330,000	\$ 125.00	\$ 80,000	\$ 16.00
502 Bay Avenue	9/2/2010	\$ 500,000	2037	4762	16	\$245.46	\$416,667	\$ 125.00	\$162,042	\$ 34.03
506 Bay Avenue	11/2/2009	\$ 500,000	2037	3750	9	\$245.46	\$416,667	\$ 125.00	\$162,042	\$ 43.21
506 Bay Avenue	10/13/2009	\$ 341,500	2037	3750	9	\$167.65	\$284,583	\$ 125.00	\$ 29,958	\$ 7.99



Address	Sale Date	Sale Price	Sq. Ft.	Site Sq. Ft.	DOM	\$/PSF	Profit/Sale	Allocation	Residual	\$/PSF
604 Scott Street	6/14/2011	\$ 396,000	2000	5000	12	\$198.00	\$330,000	\$ 135.00	\$ 60,000	\$ 12.00
502 Bay Avenue	9/2/2010	\$ 500,000	2037	4762	16	\$245.46	\$416,667	\$ 135.00	\$141,672	\$ 29.75
506 Bay Avenue	11/2/2009	\$ 500,000	2037	3750	9	\$245.46	\$416,667	\$ 135.00	\$141,672	\$ 37.78
506 Bay Avenue	10/13/2009	\$ 341,500	2037	3750	9	\$167.65	\$284,583	\$ 135.00	\$ 9,588	\$ 2.56

After analysis, there is concern that the recession depressed the property values greater than would be expected as of the date of value. Since there are no newer sales to use in the subject area the appraiser has expanded outside the immediate area.

		<b>614 Scott Street, Seaside/Former Fort Ord/Sand City CA 95555</b>	
Class: Single Family Residential Beds: 3 Baths: 2 1/2 Sqft: 2500 (Assessor) Elem Dist: Monterey Peninsula Unified High Dist: Monterey Peninsula Unified	Lot Date: 08/22/2011 List Price: 1020,000 Sale Price: 1020,000 Lot Size: 3,354 Sq Ft (Assessor) Sale Date: 08/14/2011 COE Date: 08/17/2011	MLS No: 0124267 DOM: 13 Status: Sold	Remarks: Bank owned ready to move in home featuring all the modern amenities, separate family room & fireplace with fireplace Bay ocean view from 2nd bedrooms. Enjoy the City Lights from 1 of 2 decks overlooking Bay City, Newport and ocean concessions.
		<b>552 Bay Avenue, Seaside/Former Fort Ord/Sand City CA 95555</b>	
Class: Single Family Residential Beds: 3 Baths: 2 1/2 Sqft: 3010 (Seller) Elem Dist: Monterey Peninsula Unified High Dist: Monterey Peninsula Unified	Lot Date: 08/17/2010 List Price: 3490,000 Sale Price: 3300,000 Lot Size: 4,732 Sq Ft (Assessor) Sale Date: 03/02/2010 COE Date: 10/02/2010	MLS No: 31049928 DOM: 15 Status: Sold	Remarks: Low upkeep, newer home, if you love the beach this 3 bedroom, 2 bath home is for you. So many features such as a picture windows facing the ocean, a fireplace and 3 car garage. Any lender reduction in commission split 50/40 with SA taking 50% of reduction, as LA getting Roy. Fee. Showings are 10-1 M-F.
		<b>555 Bay Avenue, Seaside/Former Fort Ord/Sand City CA 95555</b>	
Class: Single Family Residential Beds: 3 Baths: 2 Sqft: 2837 (Assessor) Elem Dist: Monterey Peninsula Unified High Dist: Salinas Union High	Lot Date: 10/24/2009 List Price: 3550,000 Sale Price: 3550,000 Lot Size: 3,750 Sq Ft (Assessor) Sale Date: 11/02/2009 COE Date: 01/13/2010	MLS No: 30552655 DOM: 8 Status: Sold	Remarks: WOW WOW WOW, OCEAN VIEWS AND SAND DUNE VIEWS ARE ONE OF THE BEST FEATURES OF THE LOCATION OF THIS GREAT NEWER HOME. THIS HOME FEATURES 3 BEDROOMS, 2 BATHS WITH JUST OVER 2,000 SQFT. AGENTS THIS IS NOT A SHORT SALE AND NOT AN REQ. THIS AN INVESTOR OWNED HOME AND FAST ESCROW IS POSSIBLE. GO DIRECT AND SELL. ESCROW @ CHICAGO TITLE-SALINAS JILL MASON. EMAIL ALL OFFERS TO


**Alternate Market Data**

A search of MLS for land sales shows two sales in secondary locations that have been considered. Both properties were offered to the market and each sold with less than one month of market exposure within 5-10% of their asking price.

		<b>120 BROOKSIDE PLACE, Marina 93933</b>	
Class: Residential Lots & Land Beds: Baths: Sqft: Elem Dist: Monterey Peninsula Unified High Dist: Monterey Peninsula Unified	Lot Date: 07/25/2011 List Price: \$120,000 Sale Price: \$115,000 Lot Size: 7,232 Sqft (Assessor) Sale Date: 08/18/2011 COE Date: 09/06/2011	MLS #: 31122515 DOM: 23 Status: Sold	Remarks: Home was destroyed by fire. Seller has plans to build a 1500 plus or minus home running through the city. It would be a 4 bed and 2 baths. Property can be bought "as is" or for a different price after built.
		<b>429 HANNON, Monterey 93940</b>	
Class: Residential Lots & Land Beds: Baths: Sqft: Elem Dist: Monterey Peninsula Unified High Dist: Monterey Peninsula Unified	Lot Date: 06/25/2012 List Price: \$349,400 Sale Price: \$335,000 Lot Size: 4,143 Sqft (Assessor) Sale Date: 07/22/2012 COE Date: 09/21/2012	MLS #: 31223993 DOM: 27 Status: Sold	Remarks: Here opportunity for any builder. Lot with water credits 127 acre feet enough for a 3 bed, 2 bath home. Water credits expire in October 2013, so buyer must apply for a building permit in time to get the water permit allocated from MPWMD. Buyer needs to be familiar with city of Monterey planning and building process. The reserved water will not be allocated until a water permit is obtained from the MPWMD.

The price per sq. ft. of land for the Brookside Place property is \$15.00± per sq. ft. while the 429 Hannon parcel is \$32.58± per sq. ft. While both sales are fairly recent they do not provide much other than additional background information.

The final analysis is the review of dwelling sales on small sites. While MLS shows two of these properties located in Sand City they are all in fact located in Seaside, CA. The same extraction process was applied to these properties as those analyzed from the Sand City market.



MLS # 81130842 DOM 8  
Status: Sold


**1710 HILTON STREET, Sand City 93055**

Type: Single Family Residential	Lot Area: 9713/2011	Lot Price: \$215,150
Stories: 2 (2/0)	Sale Price: \$247,500	
SAF: 1,254 (Assessor)	Lot Size: 1,875 Sqt (Assessor)	
City: Monterey Peninsula Unified	Sale Date: 07/22/2011	
High Sch: Monterey Peninsula Unified	COI Date: 05/25/2010	

Remarks: New interior paint, New garage door, Two stables, nice house, great street, Must see.

Listing: For partial financing incentives Seller requests borrower contact Chase Loan Officer Sarah Tomaszko 831-624-8224. See Direct Subj. Offers to Mike@MontereyCountyRealty.com. List of agents. Bank will begin review of offers beginning 7/19.

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MLS # 81128133 DOM 111  
Status: Sold


**1289 WARING STREET, Sand City 93055**

Type: Single Family Residential	Lot Area: 9520/3011	Lot Price: \$299,000
Stories: 2	Sale Price: \$300,000	
SAF: 909 (Seller (Unverified))	Lot Size: 1,855 Sqt (Assessor)	
City: Monterey Peninsula Unified	Sale Date: 10/12/2011	
High Sch: Monterey Peninsula Unified	COI Date: 11/23/2011	

Remarks: Be the first to live in this newly constructed home, 2 stories with ocean/bay views, 2 decks, fireplace, 3 "green" heater/air conditioners, "instant" hot water tank, Easy care landscaping.

Private: Vacant, go direct. Co listed with Mary Tucker 831-917-4195

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MLS # 81214060 DOM 14  
Status: Sold

**1217 KENNETH STREET, SEASIDE 93955**

Type: Single Family Residential	Lot Area: 9416/2012	Lot Price: \$330,000
Stories: 2	Sale Price: \$299,000	
SAF: 1,139 (Assessor)	Lot Size: 1,875 Sqt (Assessor)	
City: Monterey Peninsula Unified	Sale Date: 04/30/2012	
High Sch: Monterey Peninsula Unified	COI Date: 06/06/2012	

Remarks: This beautifully decorated 10 year old home is in excellent move-in condition in a sunny great neighborhood. 3 bedrooms, 1.5 bathrooms with cathedral ceilings, skylights, dual pane windows, gas fireplace, gas stove in kitchen, tankless water heater above laundry in garage, low maintenance yard with auto-sprinkler system. Owner Occupied Regular Sale!!!

Listing: ACCEPTING BACK UP OFFERS so go ahead and show. First house in from Hwy on the edge of "the horseshoe". Great curb appeal. Easy to show with short notice, but must call owner to get permission. Call listing agent Jeanette @ 238-1111 first to get owners call #. Termite clearance available. Escrow open with Natalie Dales @ First American Title. Washer and Dryer DO NOT CONVEY.

The adjustment used for the prior three market land value extraction examples are 25% for profit based and the cost of construction which ranges from \$130.00 to \$150.00 depending upon size and quality.

Address	Sale Date	Sale Price	Sq. Ft. Site	Sq. Ft. DOM	#/SF	Profit/Sale	Allocation	Residual	\$/SF	
1710 Hilton St.	7/22/2011	\$ 247,500	1254	1875	9	\$197.37	\$198,000	\$ 130.00	\$ 34,980	\$ 18.66
1289 Waring St.	11/12/2011	\$ 280,000	900	1853	111	\$311.11	\$224,000	\$ 150.00	\$ 89,000	\$ 48.03
1217 Kenneth St.	4/30/2012	\$ 299,000	1139	1875	14	\$262.51	\$239,200	\$ 135.00	\$ 85,435	\$ 45.57

The result suggests that the residual land value ranges from \$18.66 to \$48.03 per sq. ft. for sites that are a little more than 18% smaller. However, there is greater market support for the range of \$40.00 per sq. ft. and greater.



### Reconciliation

The previous analysis includes land sales of commercial land in Sand City, the analysis of the residual land value contribution from improved residential sales in Sand City, two finished lots from surrounding market places and then the extraction of land values from three small lot improved residential sales in Seaside.

It is obvious that there is a lack of true comparables which is the reason for the testing of value from multiple perspectives. The subject's lack of zoning consistent with the General Plan and the fact that the subject lot is capable of being developed as an individual property suggests to this appraiser that the property has the potential of being purchased for assemblage by the developer assembling land or for individual development. It is judged that the assemblage land property sales would not be appropriate for comparison to the subject because that would reflect a different highest and best use than the subject as an individual development lot. As such, it is assumed that the competition for a variety of potential uses from a variety of users would cause the property to seek its market value which is judged to be represented by the previous market data.

Comp. #3 is the most similar due to size and location, but is located on an unpaved lot and the purchase price was considered to be influenced by the assemblage process of the buyer. Using historical commercial land sales, the bottom of the market is judged to be above the \$21.33± per sq. ft. of Comp. #4 because the subject is only 2,250 sq. ft. more than 6 times smaller. Comp. #2 also part of the assemblage process sold for a similar price as Comp. #4 when the improvements are disregarded. The two relatively recent land sales (Marina and Monterey) again bracket the general range. Comparable #5 in some ways shows a discount for street orientation. It is located on a narrow street with limited frontage which is somewhat similar to the subject. While there are other potential reasons for the difference between Comp. #4 and #5, it is judged that 10±% is associated with difficult accessibility.

The land value extraction method using a Sand City live-work property and four residences was completed. The land value extraction of Comp. #6 is judged as the most reasonable test of value given the subject's location and probability for development. The four residence sales are judged to have been influenced by the market conditions (more depressed prices than the current market) and factors such as size and views. Still two of these sales suggested support for the \$30.00± to \$43.00± per sq. ft. range. The final analysis was of sales of small residential dwellings on substandard lots from Seaside. Again there was a bracketing of value and again the strongest support was at or above \$45.00 per sq. ft.

### Final Value Conclusion

The subject property as currently developed is encumbered with a sewer lift station and would not be developable. However, assuming that use were not present and the property was available for immediate development (hypothetical condition) the site has some appeal as a small "live-work" development, a single family dwelling or small service commercial usage. It fronts a paved street at an intersection behind a power center anchored by Costco which should be considered as positive. However, no premium is associated with the location due to limited visibility. In fact, ingress and egress is judged to be negatively impacted by east bound traffic along Tioga Avenue as vehicles are required to stop in the area where a driveway access would be provided to the subject.



From the data, the strongest value range is judged to be \$30.00 to \$40.00 per sq. ft. even though there is market evidence outside of that range. Of the sales that were analyzed Comp. #6 is judged



to be the most comparable to the subject prior to an adjustment for location. Comp. #6 was reconciled at \$35.00 per sq. ft. As a final adjustment for location the 10% deduction reflected by Comp. #4 and #5 would not address the impact on the subject's utility due to being located where a stop sign will cause interference in ingress and egress to the subject property as long as the intersection exists. In the final analysis, an additional downward adjustment of 20% is judged to address the diminution while not disregarding the scarcity of properties. The adjusted value of \$35.00 per sq. ft. downward 20% produces a value of \$28.00 per sq. ft. and when applied to 2,250 sq. ft. it produces a value estimate of \$63,000.

## **RECONCILIATION AND FINAL OPINION OF VALUE**

### **Value Conclusion**

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusion, as of November 6, 2012, subject to the Limiting Conditions and Assumptions of this appraisal.

**Reconciled Value:**       Premise: Hypothetical Condition  
                                  Interest: Fee Simple  
                                  Value Conclusion: \$63,000  
                                  Sixty Three Thousand Dollars

**ADDENDA**

## CERTIFICATION STATEMENT

The appraiser(s) certify and agree that:

1. The appraiser(s) have no present or contemplated interest in the property appraised and that neither the employment to make this appraisal nor the compensation for it is contingent upon the appraised value of the property.
2. The appraiser(s) have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
3. Stephen Brown has personally inspected the subject property.
4. According to the best of our knowledge and belief, all statements and information in this report are true and correct; the appraiser(s) have not knowingly withheld any information.
5. The reported analyses, opinions, and conclusions are limited only by the reported assumptions, contingent and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
6. The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
7. We certify that to the best of our knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. We certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
8. As of the date of this report, Stephen Brown has completed the requirements of the continuing education program of the Appraisal Institute.
9. Stephen Brown has prepared all conclusions and opinions concerning the real estate that are set forth in the appraisal.
10. Our compensation for completing this assignment was not contingent upon the development or reporting of a predetermined value or direction of value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or occurrence of a subsequent event directly related to the intended use of this appraisal.
11. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
12. Based on our experience, it is our opinion that we meet the qualifications to provide the following estimation of the subject property's value.
13. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
14. The appraiser(s) have not performed any professional services related to this same property within a period of three years preceding the date of the appraisal assignment.

No changes of any item of the appraisal report shall be made by anyone other than the appraiser, and the appraiser shall have no responsibility for any such unauthorized changes. This letter of transmittal and the pages that follow constitute our report, including the data and analyses utilized in forming an opinion of value. Should you have any questions concerning this report, please do not hesitate to call our office.



Stephen Brown  
 Certified General MAI, SRA, RAN-AC  
 California License number: AG003578

Appraisal File: C2012-1201B

## MASTER ASSUMPTIONS

Definitions: USPAP & Advisory References (AO-9)

Extraordinary Assumption: an assumption, directly related to a specific assignment, which, if found to be false could alter the appraiser's opinions or conclusions.

Hypothetical Condition: that which is contrary to what exists but is supposed for the purpose of analysis.

These definitions appear in the Uniform Standards of Professional Appraisal Practice (USPAP), which are the governing standards for the appraisal industry. They are used in completing and communicating an appraisal.

The underlying goal of the use of extraordinary assumptions and hypothetical conditions is to provide an analysis that is not misleading to the client. Historically, the use of assumptions within the appraisal report called the client's attention to the possible unreliability of information or conclusions within an appraisal. When the industry adopted USPAP, one of the goals was to provide credible appraisals to the public and to this end, new definitions have been produced. As part of the evolution of the appraisal process the use of extraordinary assumptions and hypothetical conditions has been implemented.

Extraordinary assumptions and hypothetical conditions can have a significant impact on the conclusions reached in an analysis. Extraordinary assumptions and hypothetical conditions that are known at the outset of an assignment are typically included in the engagement agreement. While the Scope of Work is a dynamic process in that it defines the research and analysis to complete an assignment correctly, it is the use of extraordinary assumptions and hypothetical conditions that allow the appraiser to communicate what is known so that the client can be fully informed about the reliability of the analysis. It is the area of unknown information that prompts the use of an extraordinary assumption. It should be noted that any "as is" valuation contained within this analysis is not based on a hypothetical condition(s).

To address these "unknown" issues this appraisal uses a "master assumption" to help define the basic or underlying assumptions of the appraisal. Put simply, the appraiser assumes that the property is capable of functioning as it is intended, without restrictions unless otherwise stated. This may mean that the land and improvements are assumed to be in average or better condition, capable of being used to its highest and best use, without limitations. Should this not be the case, then the value conclusion is likely to change upon clarification of the "unknown". It may be of help to understand that the appraiser is an expert in valuation issues but is not trained as nor is an expert in the field of law, accounting, title, soil analysis, construction analysis, engineering and architecture.

All these disciplines may be involved in the analysis of real property; however, such experts may not be engaged until after a question about the property is determined to exist. The appraiser utilizes only the information available at the time of the appraisal based on their training. This typically includes a brief inspection of the property to become familiar with the general condition but this inspection should not be considered a replacement for qualified analysis by licensed professional.

The assumption that the property is functioning properly, well-maintained, and in average or better condition for its age is the basis for measuring value. It is typically assumed that the property is legally owned, does not have issues such as soil contamination or stability, has appropriate building permits, complies to the appropriate codes, and that the improvements have structural integrity, which would also be assumed to be typical of the comparables unless noted within the appraisal. Once these issues or any other issue that would not be obvious based on the brief inspection or review of available documents are known to the appraiser, their impact would be considered in the analysis. Without this knowledge from trained professionals the appraiser is unlikely to know the extent of the effect on value and appeal, thus it would not be measured as part of the overall analysis. This is considered the "master assumption" for this appraisal.



## CONTINGENT AND LIMITING CONDITIONS

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

1. This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part. Neither all nor any part of the contents of this report or copy thereof (including conclusions as to property value, the identity of the appraiser(s), professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser(s) are connected) shall be used for any purposes by anyone but the client or his advisors without the previous written consent of the appraiser(s), nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraiser(s). Possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose by anyone other than the addressee or the Appraisal Institute without the previous written consent of the appraisers. Disclosure of the contents of this appraisal is governed by the by-laws and regulations of the professional appraisal organizations with which the appraisers are affiliated.
2. All files, work papers and documents developed in connection with this assignment are the property of Stephen Brown Associates, Inc. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Reduced copies of plans duplicated within the report are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted. Maps, plats, sketches, graphs, photographs and other exhibits included in the report are for the purpose of illustration and visualization only. The appraiser(s) have made no survey of the property. All data provided by the client, property owners, property manager or owner's representative is assumed to be correct and accurate.
3. No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them.
4. Unless otherwise stated in this report, the existence of hazardous material, which may or may not exist, was not observed by the appraiser(s). The appraiser(s) has no knowledge of the existence of such materials on or in the property. The appraiser(s), however, is not qualified to detect such substances. The presence of such substances such as asbestos, ureaformaldehyde, or other potential hazardous materials may affect the value of the property. The appraiser(s) assumes that no such substances are present on or in the property. The appraiser(s) urges the client to retain an expert in this field if any assurances are desired concerning the presence of potentially hazardous materials.
5. Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation. The values as concluded herein are entirely contingent upon the subject property not being within or subject to a federally designated potential Endangered Species area as defined by the U.S. Fish and Wildlife Service, which as a result might otherwise limit, restrict, and/or prevent development of the subject to its highest and best use.
6. Good title, free of liens, encumbrances and special assessments is assumed, unless stated otherwise. No opinion is being expressed on matters which may require legal expertise or specialized knowledge beyond that which is customarily employed by real estate appraiser(s). The appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the appraiser(s) render any opinion as to the title, which is assumed to be marketable. No private deed restrictions are considered unless otherwise noted. Furnishings, equipment and business interests, unless considered as part of the real estate, are not valued in this appraisal unless otherwise stated.

7. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with and there are no encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
9. All engineering is assumed to be correct. The plot plans and all illustrative material in this report are included only to assist the reader in visualizing the property. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications. All engineering information, if any, is assumed to be correct. The construction and condition of the improvements mentioned in the body of this report are based on observations. No engineering study has been provided which would assist in the discovery of any latent defects. No certification as to any of the physical aspects could be given unless a proper engineering study was made. On all appraisals involving proposed construction, the appraisal report and value conclusions are contingent upon completion of the proposed improvements, if any, in accordance with the plans and specifications.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Information, estimates, and opinions furnished to the appraiser(s) and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished by the appraiser(s) can be assumed by the appraiser(s).
12. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
13. Please note that our consent to allow an appraisal report prepared by Stephen Brown Associates, Inc., or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.
14. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
15. Responsible ownership and competent property management are assumed.
16. All value opinions provided in the appraisal apply to 100% of the ownership unless otherwise indicated. It may be inappropriate for the reader to apply fractional interests or pro ration of interests.
17. The appraiser is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value for the subject property as of the date of valuation.

18. The forecasts, projections, or operating estimates contained herein are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to change as a result of variations in the market. Value(s) are based on U. S. Dollars as of the date of value.
19. Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.
20. The appraiser(s) have followed traditional appraisal standards to develop a reasonable estimate of the insurable value based upon industrial practices and the industry accepted Marshal Valuation Service cost handbook. The appraiser estimate should only be used as a comparison to the analysis completed by insurance industry experts for underwriting for underwriting purpose.
21. The appraiser(s) are not required to give testimony in court in connection with this appraisal. If the appraiser(s) are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) our regular per diem rate plus expenses. The appraiser(s) are not required to give testimony or appear in court because of having made this appraisal with reference to the property in question unless arrangements have been made therefore.
22. The employer agrees, as a condition of the appraisal, to defend and indemnify appraiser(s) at employer's sole expense in any action brought against appraiser(s) by a third party due to the appraisal or any advice given to employer by appraiser(s). The employer will also reimburse appraiser(s) for any award, court costs and or attorney's fees which appraiser(s) may be required by a court to pay as a result of such action. Appraiser(s) may, at his sole discretion, participate in the defense of any such action, but such participation shall not relieve employer of his obligations under this condition.
23. Acceptance and or use of this appraisal report by the client or any third party constitutes acceptance of the Conditions and Limiting Conditions and Special Assumptions. The liability of the appraiser(s) extends only to the stated client and not to subsequent parties or users, and the liability is limited to the amount of fee received from the employer by the appraiser(s).

## DEFINITIONS<sup>8</sup>

All other definitions in this section are also derived from the associated footnote.

### **Fee Simple Estate** is defined as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

### **Leased Fee Interest** is defined as:

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

### **As Is Market Value** is defined as:

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

### **Extraordinary Assumptions** is defined as:

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.)

### **Hypothetical Condition** is defined as:

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.)

### **Exposure Time** is defined as:

1. The time a property remains on the market
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. *See also marketing time.*

### **Marketing Time** is defined as:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board or The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) *See also exposure time.*

### **Gross Building Area (GBA)** is defined as::

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.

### **Gross Leasable Area (GLA)** is defined as::

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.

### **Rentable Area (RA)** is defined as::

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.

<sup>8</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)



RECORDING REQUESTED BY:  
Old Republic Title Company

Order No.: 0724009035-MD  
APN: 011-196-013, 011-196-004, 011-196-019, 011-196-020

When Recorded Mail Document and Tax Statements to:

Sand City Redevelopment Agency  
1 Sylvan Park  
Sand City, CA 93955

Stephen L. Vagnini  
Monterey County Recorder  
Recorded at the request of  
Old Republic Title

CME/LISSA  
3/28/2009  
8 00:08

DOCUMENT: 2009016418  
Titles: 1/ Pages: 4

Fees: \_\_\_\_\_  
Taxes: \_\_\_\_\_  
Other: \_\_\_\_\_  
AMT PAID \_\_\_\_\_

SPACE ABOVE THIS LINE IS FOR RECORDERS USE

### Grant Deed

The undersigned grantor(s) declare(s):  
Documentary Transfer Tax is \$0.00 - DEED TO PUBLIC AGENCY  
(X) computed on full value of property conveyed, or  
( ) computed on full value less of liens and encumbrances remaining at time of sale.  
( ) Unincorporated area: (X) City of Sand City

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
Robert J. Carroll, Trustee of Revocable Trust dated March 25, 1996

herby GRANT(S) to  
Sand City Redevelopment Agency, a public agency organized pursuant to the Community Development Law of the State of California  
that property in City of Sand City, Monterey County, State of California, described as:  
See "Exhibit A" attached hereto and made a part hereof.

Date: March 18, 2009

Revocable Trust dated March 25, 1996

By:   
ROBERT J. CARROLL, Trustee

Grant Deed

MAIL TAX STATEMENTS AS DIRECTED ABOVE

Page 1 of 2

State of CA  
County of Monterey  
On 3/18/09 before me, Michael A Davi  
Notary Public, personally appeared Robert J. Carroll who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.  
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.



Signature Michael A Davi  
Name Michael A Davi  
(Typed or printed)

Grant Deed

ORDER NO. : 0724009035-MD

**EXHIBIT A**

The land referred to is situated in the County of Monterey, City of Sand City, State of California, and is described as follows:

**Parcel One:**

Lots 1, 3, 5 and 7 in Block 30 as shown on that certain map entitled, "Map of East Monterey, Monterey County, Cal. Surveyed by W.C. Little", filed October 18, 1887 in the office of the county recorder of the County Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

**Parcel Two**

Lots 16 and 18 in Block 30 as shown on that certain map entitled, "Map of East Monterey, Monterey County, Cal. Surveyed by W. C. Little", filed October 18, 1887 in the office of the county recorder of the County of Monterey, State of California in Volume 1 of Maps, "Cities and Towns", at Page 22.

**Parcel Three:**

Lots 9, 10, 11, 12, 13 and 14 in Block 30 as shown on that certain map entitled "Map of East Monterey, Monterey County, Cal. Surveyed by W.C. Little", filed October 18, 1887 in the office of the county recorder of the County of Monterey, State of California in Volume 1 of Maps, "Cities and Towns", at Page 22.

**Parcel Four:**

Lots 15 and 17 in Block 30 as shown on that certain map entitled "Map of East Monterey, Monterey County, Cal. Surveyed by W. C. Little", filed October 18, 1887 in the office of the county recorder of the County of Monterey, State of California in Volume 1 of Maps, "Cities and Towns", at Page 22.

APN: 011-196-020 (Parcel One)  
011-196-013 (Parcel Two)  
011-196-004 (Parcel Three)  
011-196-019 (Parcel Four)



Approved by:  
Sand City Redevelopment Agency  
Resolution # RA 09-01

**CERTIFICATE OF ACCEPTANCE**

This Certificate of Acceptance is to certify that interest in real property, located at 525, 537, and 549 Ortiz Avenue and 512 and 518 Redwood Avenue, Sand City California, (APNs 011-196-004, 013, 019 & 020; Lots 1,3,5,7,9-14, Block 30) conveyed by the deed or grant dated March 18, 2009 from the Carroll Trust Property to the Sand City Redevelopment Agency (a public agency organized pursuant to the State of California Community Redevelopment Law), is hereby accepted by order of the Redevelopment Agency Board of Directors and the City of Sand City. The Grantee hereby consents, with signature below, to the recording thereof by its duly authorized officer.

**APPROVAL:**

*Steve Malarazzo*  
Steve Malarazzo, Executive Director

*3/19/09*  
Date of Acceptance



*David K. Pendergrasse*  
David K. Pendergrasse, Chair

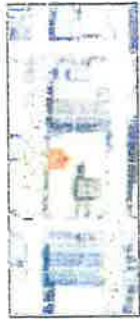
Courtesy:  
City of Sand City &  
Redevelopment Agency  
1 Sylvan Park  
Sand City, CA 93955  
(831) 394-3054 Phone  
(831) 394-2472 Fax

**END OF DOCUMENT**

Property Detail Report

Subject Property:

537 Grand Ave  
 San Jose, CA 95131  
 Monterey County



<b>Owner Info:</b>	Sand City Redevelopment Agency (650) 361-6700 1500 1st St San Jose, CA 95131	Sand City CA 95055 3038
<b>Location Info:</b>	Monterey Peninsula St 1500	C011 0112
<b>Tax Info:</b>	05/15/2008 3038 9 011000	Map Of East Monterey Lot 3 30 9
<b>Characteristics:</b>	Public (Reg) 2583 1927	Publicly Owned 1,925
<b>Last Market Sale:</b>	05/13/1988 2,000,000	Deed (Reg) Sand City Redevelopment Agency
<b>Sales History:</b>	03/20/2008 Y Sand City Redevelopment Agency Carroll Robert J Sharon Trause Grant Deed	06/18/2001 Y Carroll Robert J Carroll Sharon I Carroll Sharon I Carroll James & Sharon Trause Deed (Reg)

Property Detail Report

Subject Property:

540 Grand Ave  
 San Jose, CA 95055  
 Monterey County



<b>Owner Info:</b>	Sand City Redevelopment Agency (650) 361-6700 1500 1st St San Jose, CA 95055	Sand City CA 95055 3038
<b>Location Info:</b>	Monterey Peninsula St 1500	C011 0112
<b>Tax Info:</b>	05/15/2008 3038 9 011000	Map Of East Monterey Lot 3 30 9
<b>Characteristics:</b>	Public (Reg) 2583 1927	Publicly Owned 1,925
<b>Last Market Sale:</b>	05/13/1988 2,000,000	Deed (Reg) Sand City Redevelopment Agency
<b>Sales History:</b>	03/20/2008 Y Sand City Redevelopment Agency Carroll Robert J Sharon Trause Grant Deed	06/18/2001 Y Carroll Robert J Carroll Sharon I Carroll Sharon I Carroll James & Sharon Trause Deed (Reg)

Property Detail Report



**Subject Property:**  
517 Redwood Ave  
Sand City, CA 95571  
Kearney County

**Owner Info:** Sand City Redevelopment Agency  
Agency: 53855  
15371 351-6380  
15371 351-6380

Sand City CA

**Location Info:** 81-C2  
Zone: 81-C2  
Area: 1.4000 Acre(s)

**Tax Info:** 81-C2  
Map: 15 & 17 Blk 30  
30  
16  
2017  
\$5  
011030

**Characteristics:** Public (Reg)  
Public (Reg)  
Publicly Owned

**Last Market Sale:** 08-24-2012  
08-24-2012  
08-24-2012  
Deed (Reg)

Sand City Redevelopment Agency  
Agency  
Diviner Record

**Sales History:** 03-20-2009  
Y  
06-10-2001  
Y  
05-18-1995  
Carroll James & Sharon I  
Carroll Sharon I  
Carroll Sharon I  
Owens Record  
Carroll Robert J  
Sharon Trust  
08-24-2012  
Grant Deed  
Deed (Reg)

Property Detail Report



**Subject Property:**  
517 Redwood Ave  
Sand City, CA 95571  
Kearney County

**Owner Info:** Sand City Redevelopment Agency  
Agency: 53855  
15371 351-6380  
15371 351-6380

Sand City CA

**Location Info:** 81-C2  
Zone: 81-C2  
Area: 1.4000 Acre(s)

**Tax Info:** 81-C2  
Map: 15 & 17 Blk 30  
30  
16  
2017  
\$5  
011030

**Characteristics:** Public (Reg)  
Public (Reg)  
Publicly Owned

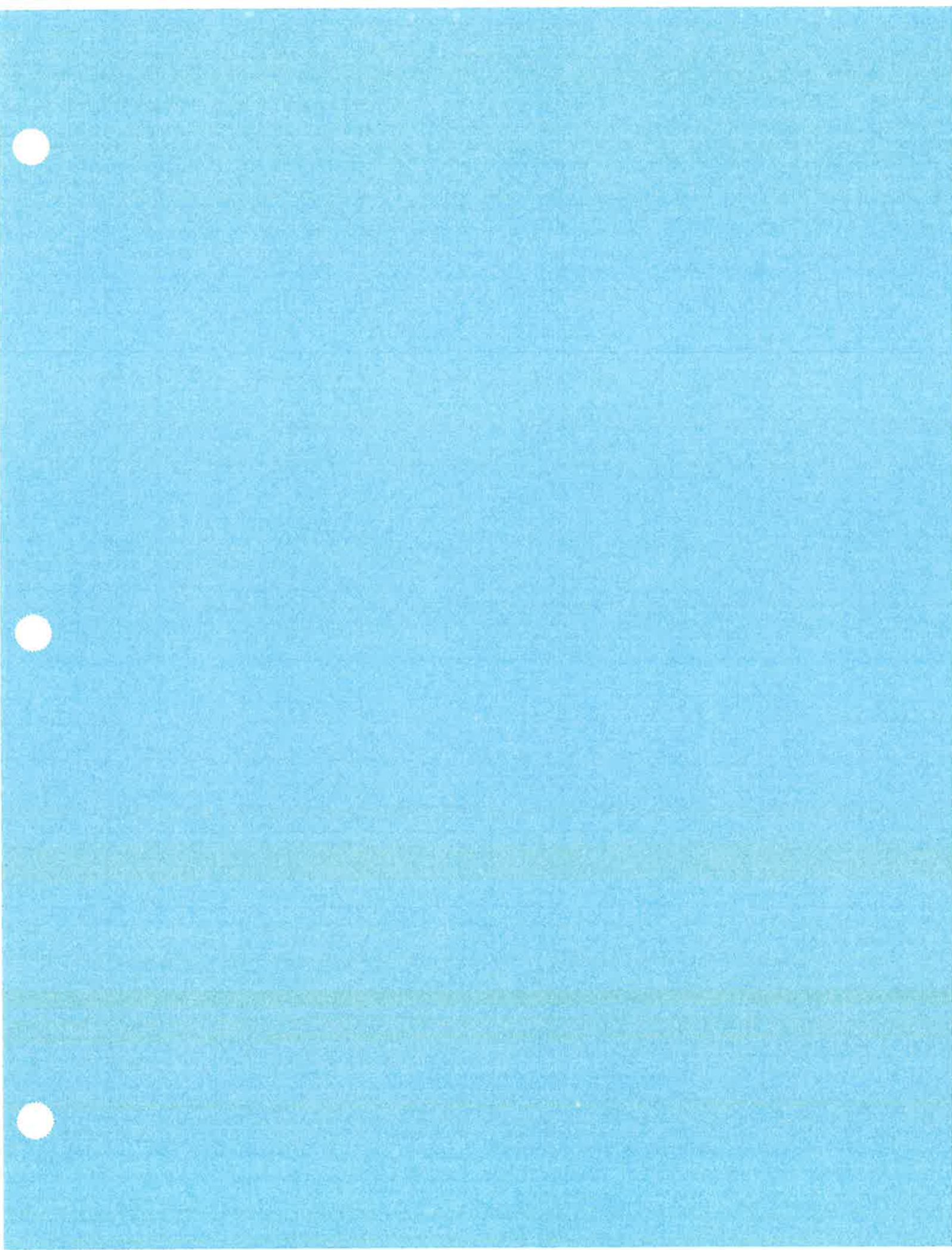
**Last Market Sale:** 08-17-1974  
08-17-1974  
08-17-1974  
Deed (Reg)

Sand City Redevelopment Agency  
Agency  
Owens Record

**Sales History:** 03-20-2009  
Y  
06-10-2001  
Y  
05-18-1995  
Carroll James & Sharon I  
Carroll Sharon I  
Carroll Sharon I  
Owens Record  
Carroll Robert J  
Sharon Trust  
08-24-2012  
Grant Deed  
Deed (Reg)







**PROPERTY #4 – McDonald Site:**

Reference: McDonald Coastal Site

Address: No Address. Located at the westerly end of Play Avenue, west of Highway 1.

Assessor  
Parcel Nos. 011-012-001 & 002

Date  
Acquired: 1/19/1995 Purchase  
Price: \$1,100,000

Lot Size: 16.25 acres Estimated  
Current  
Value: \$1,445,000 (value under terms of the DDA)

Current Land Use: Coastal: VSC (Visitor Serving Commercial)

Current Zoning: CZ-VSC-B (Coastal - Visitor Serving Commercial)





Purpose For Which Property Acquired: To abate existing blighted conditions remnant of the former sand mining operation on the property and to facilitate the development of a visitor serving coastal resort, including public beach access, extension of the regional bike trail through the property, public restrooms consistent with the Sand City Local Coastal Program and the 2010-2014 Sand City RDA 5-Year Implementation Plan.

Parcel Data: (See above for address/location.) The project site was historically used for sand mining operations and a concrete batch plant that are no longer active. Most of the site is currently undeveloped except for a coastal bike trail and concrete slurry erosion protection along the coastal bluff of the property.

Income/Revenue - Enforceable Obligation: The former Redevelopment Agency acquired title to the property in 1995. The acquisition was financed with proceeds from a taxable Certificate of Participation (COP). Under the terms of the COP, the Agency leased the site to the City. Rental payments were assigned to the holders of the COP. The Lease provides in part that the Agency will convey title to the property to the City when all obligations under the COP had been satisfied in full. All obligations under the COP have been satisfied, but the City has not yet exercised its right to take title to the property.

In 2001, the former Redevelopment Agency entered into a contract to sell the property to John King of King Ventures in San Luis Obispo. Under the terms of the contract, known as a Disposition and Development Agreement (DDA), King was obligated to pay the former Redevelopment Agency the sum of \$2.2 million for the property, acquire an adjoining site commonly known as the 'Sterling Site' and develop a coastal resort project on the combined site consistent with the City's certified Local Coastal Plan, and a 1996 Memorandum of Understanding (MOU) between the California Department of Parks and Recreation, the Monterey Peninsula Regional Park District, the City of Sand City, and the former Sand City Redevelopment Agency. The 1996 MOU provides in part that the park agencies will support development of a coastal resort project on this site in exchange for allowing most of the Sand City coastal zone to remain in open space and park and recreational uses.

King Ventures has paid the full purchase price for the property to the former Redevelopment Agency. King has purchased the Sterling site. In December of 2013, King received approval of a Coastal Development Permit from the City for construction and operation of a coastal resort project on the McDonald/Sterling site called the Collections at Monterey Bay, which includes 340 visitor serving rooms, a restaurant with banquet facilities, a Tapas Bar restaurant, a bakery, a wine center, a deli juice bar, conference and meeting facilities, a health/wellness spa center, parking, and other ancillary and related improvements on the property. The City's approval of the Coastal Development Permit has been appealed to the California Coastal Commission by the Sierra Club.

The DDA provides that the sale to King Ventures will close within twelve (12) months following final approval of all discretionary and ministerial permits necessary to



construct and operate the project. King has the right to accelerate the closing at any time by giving notice to the SA. Upon receipt of the notice, the SA would be obligated to close within ninety (90) days.

King Ventures also has the right to terminate the DDA. In the event King exercised that right, the SA would be obligated to pay King approximately \$1.45 million within one (1) year following the date of termination.

The SA anticipates that the City will waive its right to acquire title to the McDonald site at the time of closing of the sale of the McDonald site to King Ventures. If King Ventures exercises its right to terminate the DDA, then the City will exercise its right to retain title pursuant to the COP.

Income / Revenue: The property has generated revenue sufficient to satisfy the former Agency's obligations under the COP. As noted above, the property is subject of a contract of sale (enforceable obligation) to John King. Mr. King has paid the full purchase price under the DDA.

Environmental Assessment: A Final Environmental Impact Report (Final EIR) for the Collection at Monterey Bay project was approved by the City Council on December 17, 2013. The EIR stated that the McDonald site was used for Sand Mining operations as early as the 1950s. A review of a government agency database report for these properties found that the site is listed as a "small quantity generator" of between 100 kilograms (kg) and 1,000 kg of hazardous waste per month. Based on a review of historical records and a government agency database report, it was determined that there are no known on-site environmental conditions impacting the property. A database search conducted on Envirostor on January 24, 2013 confirmed that the project site was not a hazardous material site.

Potential for Transit Oriented Development and Advancement of Planning Objectives: This property has the potential for transit oriented development. It is located less than one-half mile (0.36 mile) southwest of the Transportation Agency of Monterey County's (TAMC) proposed future Monterey Peninsula Fixed Guideway Service station (Sand City stop), which is currently undergoing environmental review. The Monterey Peninsula Guideway Service will provide light rail transit service between Monterey and Castroville on the existing publicly owned tracks adjacent to Highway 1. The property is designated for Coastal Visitor Serving Commercial land use. A Coastal Development Permit authorizing development of a Visitor Serving resort on the site has been approved by the City. That approval is presently on appeal to the California Coastal Commission.

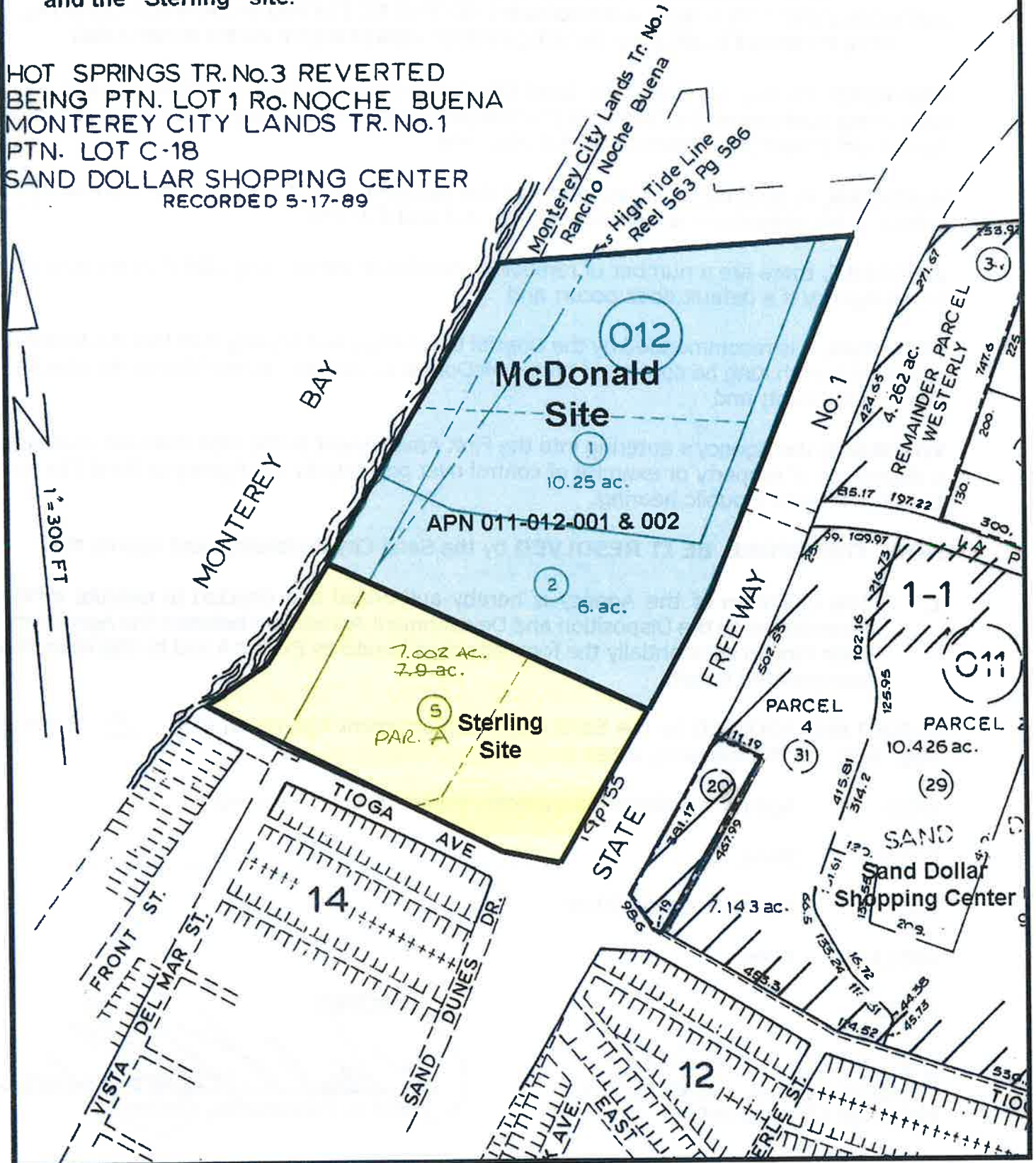
Development Proposals: Development of the property of a coastal resort will stabilize the City's revenue stream to be less reliant on retail sales (the primary revenue source for Sand City that was extremely susceptible to the 2009 economic recession). Development of the property will also eliminate existing blighted conditions from the former sand mining operation.

Permissible Use / Disposition Recommendation: Continue to hold title to the property in order to fulfill an enforceable obligation. Any breach of that enforceable obligation would subject the SA to a suit for specific performance of the SA's obligation under the DDA or an action for damages in an amount that is estimated to be in excess of the purchase price paid by King for the property. If King Ventures exercises its right to terminate the DDA, then the City will exercise its right to retain title pursuant to the COP.

Intended Use of Sales Proceeds: N/A. The SA has an enforceable obligation under the terms of the DDA to convey title to the property to John King. Mr. King has no obligation to pay any additional sums to the SA on account of such transfer of title.

**Note:**  
 King Ventures coastal project  
 includes both the "McDonald" site  
 and the "Sterling" site.

HOT SPRINGS TR.No.3 REVERTED  
 BEING PTN. LOT 1 Ro.NOCHE BUENA  
 MONTEREY CITY LANDS TR.No.1  
 PTN. LOT C-18  
 SAND DOLLAR SHOPPING CENTER  
 RECORDED 5-17-89



**SAND CITY REDEVELOPMENT AGENCY**

**RESOLUTION RA 02-07 , 2002**

**RESOLUTION OF THE SAND CITY REDEVELOPMENT AGENCY  
AUTHORIZING THE FIRST AMENDMENT TO THE RESTATED McDONALD COASTAL  
SITE DISPOSITION AND DEVELOPMENT AGREEMENT WITH JOHN KING**

**WHEREAS**, on July 17, 2001, the Sand City Redevelopment Agency ("Agency") and John King, doing business as King Ventures ("Developer") entered into a Disposition & Development Agreement ("DDA") by Resolution RA 01-12; and

**WHEREAS**, in accordance of the terms of the restated DDA, the Developer is presently in default of his obligations under sections 4.1, 4.2 and 8.1; and

**WHEREAS**, there are a number of remedies specified in the existing DDA that are available to the Agency if a default does occur; and

**WHEREAS**, it is recommended by the Coastal Committee and Agency staff that the business relationship with King be continued on the McDonald coastal site as modified in the attached First Amendment; and

**WHEREAS**, the Agency's entering into the First Amendment to the DDA does not constitute a disposition of property or exercise of control over property by the Agency or Sand City and does not require a public hearing.

**NOW, THEREFORE, BE IT RESOLVED** by the Sand City Redevelopment Agency that:

1. The Chairman of the Agency is hereby authorized and directed to execute a First Amendment to the Disposition and Development Agreement between the Agency and John King in substantially the form attached hereto as Exhibit A and by this reference incorporated herein.

PASSED AND ADOPTED by the Sand City Redevelopment Agency on this 7<sup>th</sup> day of May, 2002, by the following vote:

AYES: Agency members Blackwelder, Hubler, Kruper, Pendergrass

NOES: None

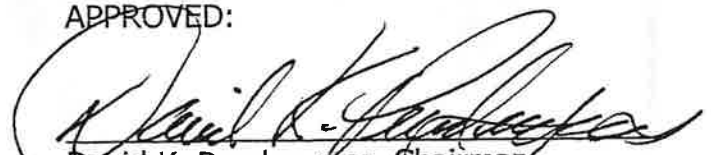
ABSENT: Agency member Kline

ABSTAIN: None

ATTEST:

  
Mary Ann Kline, Secretary

APPROVED:

  
David K. Pendergrass, Chairman



**FIRST AMENDMENT**  
**TO**  
**RESTATED McDONALD COASTAL SITE**  
**DISPOSITION AND DEVELOPMENT AGREEMENT**

This First Amendment to Restated McDonald Coastal Site Disposition and Development Agreement (the "First Amendment"), made and effective May 7, 2002, is by and between the Sand City Redevelopment Agency ("Agency") and John King d/b/a King Ventures ("King").

**RECITALS**

A. King and the Agency made that certain Restated McDonald Coastal Site Disposition and Development Agreement effective June 21, 2001 (the "Restated Agreement").

B. Section 4.2 of the Restated Agreement provides that King was to pay the additional sum of \$38,202.50 to the Agency on or before March 20, 2002 (the "March, 2002 COP Interest Payment"). King has requested that the due date for the March, 2002 COP Interest Payment be extended to May 10, 2002.

C. Section 4.1 of the Restated Agreement provides that King was to pay the sum of \$205,000 to the Agency on or before March 20, 2002 (the "March, 2002 COP Principal Payment"). King has requested that the due date for the March, 2002 COP Principal Payment be extended to June 30, 2002.

D. King has presented concept drawings to the Agency for its review, but has not yet presented the preliminary materials to the Agency described in Section 8.1 of the Restated Agreement. King has requested an extension to the time by which he is to present Preliminary Drawings, a list of Permits, and Preliminary Development and Operations Budgets to the Agency.

E. Section 8.3 of the Restated Agreement provides that King will use his best efforts to coordinate development of the McDonald Coastal Site with the adjacent Sterling Site.

F. King has recently become aware that the Sterling Site is for sale and King desires to acquire the Sterling Site.

G. The Agency desires to incorporate property owned by Granite Construction Company to the north of the McDonald Coastal Site (the "Granite Site") into the development of the McDonald Coastal Site.

H. The Parties are informed that primarily as a result of the events of September 11, 2002 and the general state of the economy, there is presently very little equity or debt financing available in the marketplace for projects such as the Development. This information has been confirmed by the Agency's hospitality industry consultant, Jay Scott.

I. King and the Agency desire to amend certain provisions of the Restated McDonald Coastal Site Disposition and Development Agreement as hereinafter provided.

NOW, THEREFORE, the parties agree as follows:


## AGREEMENT

1. Truth of Recitals. The foregoing recitals are true and correct.
2. Extension of Time to Make March 2002 COP Interest Payment. The parties hereby agree that King will pay the March, 2002 COP Interest Payment in the amount of \$38,202.50 plus interest on said amount at the rate of 7% from March 20, 2002 to the date such payment is made to the Agency, on or before May 10, 2002.
3. Extension of Time to Make March 2002 COP Principal Payment. The parties hereby agree that King will pay the March, 2002 COP Principal Payment in the amount of \$205,000 plus interest on said amount at the rate of 7% from March 20, 2002 to the date such payment is made to the Agency, on or before June 30, 2002.
4. Sterling Site. Upon execution of this First Amendment, King will initiate discussions with the owner of the Sterling site regarding the acquisition of the Sterling Site by King for incorporation into the development of the McDonald Coastal Site in accordance with the terms of the Restated Agreement.
5. Granite Site. Upon execution of this First Amendment, Agency will initiate discussions with the owner of the Granite Site regarding a gift or bargain sale of the Granite Site to the Agency for the purpose of developing the Granite Site for public access purposes in conjunction with the development of the McDonald Coastal Site.
6. Extension of Time to Present Plans to Agency. The parties hereby agree that the date of "October 1, 2001" set forth in Section 8.1 of the Restated Agreement is changed to September 1, 2002.
7. Review by Coastal Commission Staff. Subsequent to review of Preliminary Drawings by the Agency pursuant to Section 8.1 of the Restated Agreement as amended by this First Amendment, and prior to the time King submits application to the City for a coastal development permit for the Development, the Agency staff and King will present the Preliminary Drawings to the staff of the California Coastal Commission for its informal review and comment.
8. Permit Time Line. At the time the Restated Agreement was made, the Parties expressed their expectation in Section 8.1 of the Restated Agreement that the City would take final action on an application for a coastal development permit for the Development by December of 2002. As of the date of this First Amendment, the Parties now contemplate that final action on such application will occur by December of 2003.
9. Effect of Amendment. Except as amended by this First Amendment, the Restated Agreement remains in full force and effect as of the date thereof.

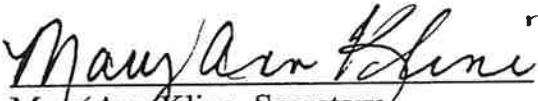
**AGENCY**

Sand City Redevelopment Agency

Dated: May 7, 2002

by:   
David K. Pendergrass, Chairman

Attest:

  
Mary Ann Kline, Secretary

Dated: 5/07/02

**KING**

  
John King, d/b/a King Ventures

**AGREEMENT TO RESTATE THE  
McDONALD SITE DISPOSITION AND DEVELOPMENT AGREEMENT**

This Restated McDonald Site Disposition and Development Agreement made the date last written below, is by and between the Sand City Redevelopment Agency ("Agency") and John King d/b/a King Ventures ("King").

**RECITALS**

A. Agency and King entered into that certain written agreement entitled "McDonald Site Disposition and Development Agreement on June 21, 2001 (the "DDA").

B. Certain Articles and Sections within the DDA are misnumbered as a result of clerical error.

C. Agency and King desire to restate the McDonald Site Disposition and Development Agreement as hereinafter set forth in order to correct such clerical errors.

NOW, THEREFORE, the parties agree as follows:

**AGREEMENT**

1. The parties hereby agree that the Restated McDonald Site Disposition and Development Agreement attached hereto as Exhibit "A" and by this reference incorporated herein accurately reflects their agreement as of the date the McDonald Site Disposition and Development Agreement was originally made on June 21, 2001 and that said Restated McDonald Site Disposition and Development Agreement shall be effective as of June 21, 2001.

**Agency**

Sand City Redevelopment Agency

by:   
David K. Pendergrass, Chairman

Date:

May 7, 2002


Attest:

  
Mary Ann Kline, Secretary

Date:

5/07/02

**King**

  
John King d/b/a King Ventures



**RESTATED**

**McDONALD COASTAL SITE**

**DISPOSITION AND DEVELOPMENT AGREEMENT**

This Restated McDonald Coastal Site Disposition and Development Agreement effective as of June 21, 2001, is by and between the Sand City Redevelopment Agency and John King d/b/a King Ventures.

**RECITALS**

A. The Sand City Redevelopment Agency is organized and exists pursuant to the Community Redevelopment Law of the State of California. (California Health and Safety Code sec. 3200 et seq.).

B. The Sand City Redevelopment Plan was adopted on July 20, 1987. The Redevelopment Project Area includes that area of Sand City commonly known as the "McDonald Coastal Site," located west of State Highway 1 and north of Tioga Avenue.

C. The McDonald Coastal Site was formerly used for sand mining both on and offshore and is presently in a blighted condition.

D. The Redevelopment Plan calls for the redevelopment of the McDonald Coastal Site with a visitor serving development.

E. The Sand City Redevelopment Agency acquired title to the McDonald Coastal Site in 1995 for the purpose of effectuating the public purposes of redeveloping the McDonald Coastal Site with a high quality hotel and related facilities in accordance with the Sand City Redevelopment Plan.

F. The Sand City Redevelopment Agency has let a possessory interest in the McDonald Coastal Site to the City of Sand City under that certain Lease Agreement dated April 27, 1995 recorded at Reel 3222 at Page 1426 of the Official Records of Monterey County, California, under which the City of Sand City has agreed to pay rent to the Sand City Redevelopment Agency.

G. The Sand City Redevelopment Agency's right to receive rent under the aforementioned Lease Agreement was assigned to First Interstate Bank of California as Trustee by instrument dated April 27, 1995 recorded at Reel 3222 at Page 1453 of the Official Records of Monterey County, California, to repay certain obligations owed by the Sand City Redevelopment Agency as described in that certain Trust Agreement by and between the Sand City Redevelopment Agency and First Interstate Bank described hereinbelow.

H. Bank of New York is the successor Trustee to First Interstate Bank and is now acting as Trustee under said Trust Agreement.

I. Pursuant to the powers vested in the Sand City Redevelopment Agency, the Sand City Redevelopment Agency entered into an Exclusive Negotiating Agreement concerning the disposition and development of the McDonald Coastal Site with King Ventures on May 4, 1999. The Exclusive Negotiating Agreement has been extended on several occasions.

J. The Sand City Redevelopment Agency desires to undertake the expeditious redevelopment of the McDonald Coastal Site, with the goal of developing a distinctive, high quality visitor serving coastal resort project consistent with the Redevelopment Plan, the Sand City Local Coastal Program and respects the terms and conditions of the Memorandum of Understanding by and among the City of Sand City, the California Department of Parks and Recreation and the Monterey Peninsula Park and Recreation District dated April 8, 1996.

K. The McDonald Coastal Site was appraised by PKF Consulting of San Francisco, California, who determined that the fair market value of the fee simple interest to the McDonald Coastal Site as of June 1, 1999 is TWO MILLION TWO HUNDRED THOUSAND DOLLARS (\$2,200,000).

L. The disposition and development of the McDonald Coastal Site in accordance with the terms of this Agreement are in the vital and best interests of the City of Sand City and the health, safety, morals and welfare of its residents and in accord with the public purposes and provisions of applicable federal, state and local laws.

NOW, THEREFORE, the parties agree as follows:

## **AGREEMENT**

### **ARTICLE I DEFINITIONS**

As used in this Disposition Agreement, the following words and phrases shall have the following meanings

“Agency” shall mean and refer to the Sand City Redevelopment Agency.

“Agreement” shall mean and refer to this McDonald Coastal Site Disposition and Development Agreement including all exhibits, attachments, amendments and modifications hereto.

“Appraisal” shall mean and refer to the PKF Appraisal referred to in paragraph K of the Recitals to this Agreement.

“COP” shall mean and refer, individually or collectively to the Certificates of Participation issued pursuant to the Trust Agreement.

“City” shall mean and refer to the City of Sand City, California.

“Closing” shall mean and refer to the consummation of the purchase and sale of the McDonald Coastal Site contemplated by this Agreement, the close of escrow and the delivery of possession of the McDonald Coastal Site to King.

“Closing Date” shall mean and refer to the date of Closing stated in section 5.3.

“CLTA Policy” shall mean and refer to a California Land Title Association owner’s policy of title insurance.

“Development” shall mean and refer to a high quality Hotel (i.e., rated 4 diamonds or higher by the California Automobile Association, or 4 stars or higher by the Mobile Travel Guide) and associated facilities to be constructed on the McDonald Coastal Site which are consistent with the Sand City Redevelopment Plan, the Sand City Local Coastal Program, the MOU and the Appraisal.

“Development Budget” shall mean and refer to a current statement based on the best information available to King at the time the budget is made, projecting the permit and construction costs for the Development including off-site improvements and when those projected costs will become payable, and the source of funding for the expense items shown on the budget. The Development Budgets shall include an estimate of the minimum assessed values to be attributable to the Development using the County of Monterey Assessor’s standards and requirements for property tax assessments which will be applicable to the Development at the time construction of the Development is completed.

“ENA” shall mean and refer to the Exclusive Negotiating Agreement made by and between the Agency and King referred to in paragraph I of the Recitals to this Agreement as the same has been amended prior to the date of this Agreement.

“Escrow Holder” shall mean and refer to Old Republic Title Insurance Company, Monterey office.

“Grant Deed” shall mean and refer to the form of deed set forth in Exhibit “A,” attached hereto.

“Hazardous Substances” shall mean and refer to any substance or material which is regulated by the United States government, the State of California or any local or other governmental authority having jurisdiction and determined by such governmental entity to be capable of posing a risk of injury to public health and safety, including without limitation, any

flammable explosives, radioactive materials, asbestos, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes and toxic substances.

“Hotel” shall mean and refer to a structure which is occupied by transients for dwelling, lodging or sleeping purposes for a period of time not to exceed thirty (30) consecutive days.

“McDonald Coastal Site” shall mean and refer to that certain real property described on Exhibit "A" attached hereto and by this reference incorporated herein.

“MOU” shall mean and refer to that certain Memorandum of Understanding by and among the City of Sand City, the California Department of Parks and Recreation and the Monterey Peninsula Park and Recreation District dated April 8, 1996.

“Negotiating Fee” shall mean and refer to the total amount of money paid by King under the ENA.

“Opening of Escrow” shall mean and refer to the deposit with Escrow Holder of an executed copy of this Agreement in accordance with section 5.1, and the date on which that act occurs.

“Operations Budget” shall mean and refer to a statement of the projected operational costs for the Development and the net operating income from the Development over the first five (5) years after the Development is opened for business. The Operations Budget shall also contain estimates of projected annual room occupancy and average daily rates for said occupancy.

“Party” shall mean and refer to either the Agency or King.

“Parties” shall mean and refer to both the Agency and King.

“Permits” shall mean all discretionary permissions from governmental authorities acting with jurisdiction necessary to construct and operate the Development, but shall not include ministerial approvals, such as building permits.

“Preliminary Drawings” shall mean and refer to a site plan, floor plans and elevations with sufficient detail to make application to the City for a Coastal Development Permit for the Development.

“Prime Rate” shall mean the base rate on corporate loans posted by at least 75% of the nation’s 30 largest banks as reported daily in the Wall Street Journal.

“Purchase Price” shall mean and refer to the amount stated in Section 3.1 herein.



“Redevelopment Plan” shall mean and refer to the Sand City Redevelopment Plan adopted July 20, 1987, as the same is amended from time to time.

“Transferee” shall mean and refer to a person or entity receiving an interest in the rights or obligations held by King under this Agreement or by King to the McDonald Coastal Site or any permission or permit allowing the Development.

“Trust Agreement” shall mean and refer to the instrument dated April 27, 1995 recorded at Reel 3222 at Page 1453 of the Official Records of Monterey County, California.

“Title Commitment” shall mean and refer to the Preliminary Report issued by Old Republic Title Company dated May 17, 2000 bearing order no. 213911-M.

## ARTICLE II

### PURCHASE AND SALE

**2.1 Purchase and Sale of McDonald Coastal Site.** Agency agrees to sell to King and King agrees to buy from Agency all of Agency’s right, title and interest in and to the McDonald Coastal Site upon the terms and conditions of this Agreement. In addition to other consideration described in this Agreement, the redevelopment of the McDonald Coastal Site with the Development is a material part of the consideration to be received by the Agency for its transfer of the McDonald Site to King.

## ARTICLE III

### PURCHASE PRICE

**3.1 Purchase Price.** The Purchase Price for the McDonald Coastal Site is the sum of TWO MILLION TWO HUNDRED THOUSAND DOLLARS (\$2,200,000).

**3.2 Payment of Purchase Price.** King shall pay the Purchase Price to the Agency, in immediately available funds to be disbursed to the order of the Agency, at Closing.

**3.3 Credits Against Purchase Price.** The Parties hereby agree that an amount equal to THREE HUNDRED FORTY THOUSAND DOLLARS (\$340,000) of the total Negotiating Fee that King has heretofore paid to the Agency under the ENA, together with any additional sums paid by King to the Agency under section 4.1 shall be treated as a credit against the Purchase Price at close of Escrow.

**3.4 Formation of Assessment District.** The Agency shall cooperate with King in the formation of a Mello-Roos District or other public or private financing mechanism to facilitate the purchase of the McDonald Coastal Site by King, the construction and operation of the

Development; provided, however, that no lien or assessment against the McDonald Coastal Site shall become effective prior to the time that building permits have been issued for the Development unless the Agency consents to the creation of such lien or encumbrance.

**3.5 Defeasance of COP.** In the event Closing occurs prior to the time all obligations represented by the COP have been satisfied in full, King shall pay any cost associated with the defeasance of any COP which is then outstanding. The parties understand that the outstanding COP may be paid in full on April 1 of 2002, 2003, 2004 and 2005 after giving advance notice of the intent to make such payment to the Trustee at least thirty (30) days prior to such annual anniversary date, together with funds sufficient to call such outstanding COP.

#### ARTICLE IV

##### PAYMENTS PRIOR TO CLOSE OF ESCROW

**4.1 COP Principal Payments.** Prior to close of Escrow, King shall pay the following amounts to the Agency at the following times:

Upon Execution of this Agreement	\$190,000
March 20, 2002	\$205,000
March 20, 2003	\$220,000
March 20, 2004	\$240,000
March 20, 2005	\$260,000

**4.2 COP Interest Payments.** Prior to close of Escrow, King shall pay the following amounts to the Agency at the following times:

Upon Execution of this Agreement	\$45,802.50
September 20, 2001	\$38,202.50
March 20, 2002	\$38,202.50
September 20, 2002	\$29,900.00
March 20, 2003	\$29,900.00
September 20, 2003	\$20,880.00
March 20, 2004	\$20,880.00
September 20, 2004	\$10,920.00
March 20, 2005	\$10,920.00

#### ARTICLE V

##### CONDITION OF McDONALD COASTAL SITE AND POSSESSION

**5.1 Condition.** Agency represents and warrants to King that to the best of its knowledge as of the date of this Agreement:

**5.1.2 Hazardous Substances.** Agency has not received any notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal notice alleging that conditions on the McDonald Coastal Site are or have been in violation of any Environmental Law. Agency has disclosed to King all information, records, and studies in Agency's possession in connection with Hazardous Substances located on the McDonald Coastal Site, including but not limited to a Phase I Environmental Assessment Report on the McDonald Coastal Site prepared by Lee & Pierce, Inc., Consulting Engineers, dated October 31, 1994.

**5.1.3 Litigation.** There is no pending or threatened litigation, administrative proceeding, or other legal or governmental action regarding the physical condition of the McDonald Coastal Site as of the date of this Agreement.

**5.2 Possession.** Possession of the McDonald Coastal Site shall be delivered from Agency to King at Closing in an "AS-IS" condition, with no warranty, express or implied by the Agency as to the condition of the soil, its geology or the presence of known or unknown geologic or hydrologic faults or hazards. If the soil condition of the McDonald Coastal Site is not in all respects entirely suitable for the Development, then it is the sole responsibility and obligation of King to place the McDonald Coastal Site in all respects in a condition entirely suitable for the Development.

**5.2.1 Limited Right of Entry Prior to Close of Escrow.** Prior to close of Escrow, King and his representatives shall have the right of access to and entry upon the McDonald Coastal Site at all reasonable times for the purpose of obtaining data and making surveys and tests necessary to carry out the Development. King agrees to indemnify, hold harmless and defend the Agency, its Directors, Officers, agents and employees and the City, its Councilmembers, agents and employees and contractors and consultants of both the Agency and the City from any claims, liability, injury, damages, costs and expenses (including reasonable attorneys' fees) arising out of any activity of King, his agents, employees, contractors and consultants, performed and conducted on the McDonald Coastal Site.

## ARTICLE VI

### ESCROW

**6.1 Opening of Escrow.** Within twenty-four (24) hours after the execution and delivery of this Agreement, the Parties shall deposit an executed copy of this Agreement with the Escrow Holder.

**6.2 Escrow Instructions.** This Agreement constitutes joint escrow instructions to the Escrow Holder, instructing it to consummate the purchase and sale of the McDonald Coastal Site by King and the Agency pursuant to the terms and conditions contained in this Agreement. King and the Agency shall execute such additional escrow instructions as may be reasonably requested by the Escrow Holder, but in the event of any inconsistency between the terms of such escrow

instructions and the terms of this Agreement, the terms of this Agreement shall prevail.

**6.3 Closing.** Closing shall occur within the twelve (12) month period following final approval of all Permits.

**6.4 Early Closing.** King shall have the option to accelerate the time set for Closing. King may exercise this right at any time after approval by the City of a coastal development permit for the Development. King may exercise this option by giving the Agency notice after such approval by the City. Closing shall occur within ninety (90) days following the Agency's receipt of such notice from King.

**6.5 Prorations.** Escrow Holder shall prorate the following costs at Closing:

**6.5.1 To Agency:**

- A. All Documentary Transfer Tax;
- B. All charges by the Title Company in connection with its issuance of a CLTA Standard Policy of Title Insurance in the amount of the Purchase Price; and,
- C. One-half ( $\frac{1}{2}$ ) of the escrow fee charged by the Escrow Holder for the escrow services subject of this Agreement.

**6.5.2 To King:**

- A. The recording charges in connection with the recordation of the Deed;
- B. That portion of the premium charged by the Title Company for the Title Policy in excess of the premium for a CLTA Standard Policy of Title Insurance to be paid by the Agency as provided above;
- C. Any costs or charges, including surveyor's charges, necessary to prepare information required by the Escrow Holder for the issuance of an ALTA Owner's Policy of Title Insurance;
- D. One-half ( $\frac{1}{2}$ ) of the escrow fee charged by the Escrow Holder for the escrow services subject of this Agreement.

**6.6 Title.** At the Closing, the Agency shall convey marketable and insurable fee simple title to the McDonald Coastal Site by the Grant Deed subject only to:

- A. Current real property taxes and assessments, a lien not yet payable, if any.



B. All exceptions to title listed in the Title Commitment, except:

(i) the terms and provisions of the unrecorded Reimbursement Agreement referred to in exception no. 18;

(ii) the Lease referred to in exception no. 19;

(iii) the terms and provisions of the Trust Agreement referred to in exception no. 20; and,

(iv) the terms and provisions of the Assignment Agreement referred to in exception no. 21.

C. The following restrictions anti-discriminatory restrictions:

“Grantee shall refrain from restricting the rental, sale or lease of the property subject of this grant or improvements thereon, or any portion thereof, on the basis or race, color, creed, religion, sex, marital status, ancestry or national origin of any person. All deeds, leases or contracts for the sale, lease, sublease, transfer, use occupancy, tenure or enjoyment of the property subject of this grant shall contain or be subject to substantially the following nondiscrimination and nonsegregation clauses:

“In deeds: The grantee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the grantee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing shall run with the land.”

“In leases: The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee

himself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.

“In contracts: There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land.”

D. The following restrictions on transfer for park or open space purposes:

“No portion of the title subject of this grant may be voluntarily or involuntarily transferred, encumbered, or may any lien be voluntarily or involuntarily created against such title, for any park or open space purpose, without prior written consent of the Grantor. Any such voluntary or involuntary transfer, lien or encumbrance shall be void ab initio.”

E. A restriction on transfer which reasonably reflects the provisions of sections 9.2., 9.3, 9.4 and 9.6 of this Agreement.

F. A covenant by King to develop, maintain and operate the Development in accordance with the intent of this Agreement, in a form reasonably acceptable to the Parties.

G. Covenants, conditions and restrictions in a form reasonably acceptable to the Parties which memorialize King’s continuing obligations under this Agreement at the time of Closing.

**6.7 Title Insurance.** Simultaneously with the Closing, Escrow Holder shall issue an ALTA Owner’s Policy of Title Insurance (“Title Policy”) in the amount of the Purchase Price, subject only to those matters listed in paragraph 6.6.

## ARTICLE VII

### CONDITIONS PRECEDENT

**7.1 King’s Conditions Precedent.** King’s obligations to consummate the purchase of the McDonald Coastal Site and to close the Escrow, are conditioned upon satisfaction of each of

the Agency's obligations under this Agreement which are for the benefit of King and may be waived in whole or in part by King.

**7.2 Agency's Conditions Precedent.** The Agency's obligations to consummate the purchase of the McDonald Site and to close the Escrow, are conditioned upon satisfaction of each of King's obligations under this Agreement and the satisfaction of all obligations of the Agency under the Trust Agreement, which are for the benefit of the Agency and may be waived in whole or in part by the Agency.

## ARTICLE VIII

### DEVELOPMENT OF McDONALD COASTAL SITE

**8.1 Agency Review.** On or before October 1, 2001, King will present the following to the Agency for its review:

- A. Preliminary Drawings for the Development.
- B. A list of Permits necessary to construct and operate the Development. (the "List of Necessary Permits").
- C. A preliminary Development Budget.
- D. A preliminary Operations Budget.

**8.2 Public Access and Facilities.** King shall incorporate the following features into the Development:

- A. A public parking area at the westerly end of Tioga Avenue.
- B. Public rest rooms at the westerly end of Tioga Avenue.
- C. The extension of Playa Avenue and necessary public facilities to the McDonald Coastal Site.
- D. Extension of the Sand City Bike Trail across the McDonald Coastal Site (and the adjacent Sterling site if development of that site is undertaken in conjunction with the Development).
- E. A public safety station in the Development.
- F. Restaurants and meeting rooms open for public use in the Development.

At the time this Agreement is made, the parties contemplate the Agency's contribution of some funding for public improvements associated with the Development. Those public improvements may include street and other infrastructure improvements, and public access improvements including the development and operation of conference and parking facilities on the McDonald Coastal Site by the Agency, or other improvements or operations costs consistent with the Redevelopment Plan. Any such contribution or development by the Agency will be subject to prior financial analysis of the Development at the time Permits are approved for the Development.

**8.3 Sterling Site.** King shall use best efforts to coordinate planning for the future development of the southerly and adjoining Sterling site with the Development. No costs attributable to planning for the Sterling site shall be charged as costs incurred by King Ventures under this Agreement unless this Agreement is amended to incorporate a specific development on the Sterling Site.

**8.4 Permit Process Schedule.** Upon the Agency's conceptual approval of the Preliminary Drawings, the list of Permits, Preliminary Development Budget and Preliminary Operations Budget, the Agency and King shall use their best efforts to identify a mutually acceptable schedule to be followed for the processing of applications for permits necessary to construct and operate the Development.

**8.5 Permit Fees and Costs.** The Agency shall pay all sums charged by the City for time spent by the City's regular full time staff working on the applications for Permits for the Development (hereinafter, "Staff Time"). Staff Time shall not include charges by contract employees of the City such as the contract City Attorney, the contract City Engineer, a contract Planner or any other person or organization providing services to the City in connection with the processing of the Permits. In addition to all charges for Staff Time, the Agency shall also pay the first ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000) charged by the City to process the applications for Permits. King shall pay all charges by the City to process the applications for Permits in excess of all charges for Staff Time plus said ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000) at the time such charges are billed by the City. King shall reimburse the Agency for any charges incurred by the Agency under this section at the time building permits for the Development are issued by the City. In the event building permits for the Development are not issued by the City, King shall not be obligated to reimburse the Agency for any charges incurred by the Agency under this section.

**8.6 Permit Time Line.** The Parties shall both use best efforts to coordinate and obtain the Permits. As of the date of this Agreement, the Parties contemplate final action by the City on the application for a coastal development permit for the Development to occur by December of 2002. In the event that action is appealed to the California Coastal Commission and the California Coastal Commission makes a finding that the appeal raises a substantial issue, the Parties presently contemplate the Coastal Commission taking final action on the coastal



development permit for the Development within one (1) year following the date such appeal is filed with the Commission.

**8.7 Periodic Updates of Schedules and Budgets.** Periodically after the applications for permits for the Development are filed with the City, and no less than quarterly, King shall file an updated Development Budget and Operations Budget with the Agency, together with written report of any significant changes to the proposed Development since the time of the last such report.

**8.8 Changes to Permits.** The size, density, use and general design of the Development as allowed by the coastal development permit to be approved by the City shall not be changed without the approval of the Agency. The Agency shall not unreasonably withhold its approval of any such changes consistent which are consistent with the Development as allowed by the coastal development permit approved by the City.

**8.9 Working Drawings.** The plans and specifications for the Development for which building permits are proposed to be issued shall reflect the Development as approved by the City and shall be subject to review and approval by the Agency. The Agency shall not unreasonably withhold its approval of such plans and specifications consistent with its intent for the Development and the Preliminary Drawings.

**8.10 Water.** The parties acknowledge that the City has reserved water credits from its municipal allocation for use by King on the McDonald Coastal Site. The Agency shall use best efforts to insure a reliable and permanent water source is available for the Development.

**8.11 Prevailing Wages for Construction.** King shall cause all persons working on the construction of the Development to be paid prevailing wages for their work.

**8.12 Sales and Use Tax.** King shall cause all California sales and use taxes payable as a result of the construction of the Development to be allocated to the City of Sand City or the Sand City Redevelopment Agency to the maximum extent allowable by law.

**8.13 Inspection During Construction.** King shall pay the City for all costs of providing a full-time building inspector (the "Building Inspector") appointed by the City for the construction of the Development. The Building Inspector shall report to and be responsible to the City to insure the Development is being constructed according to plans and specifications for the Development approved by the City. The Building Inspector shall also have authority to authorize changes to the Development during the course of construction which such changes do not necessitate an amendment to the approved Permits for the Development.

**8.14 Hotel Operator.** The operator of the Development shall obtain a business licence from the City prior to the time the Development is opened for business. The operator may not obtain such business licence without prior written consent of the Agency. The Agency shall give

its written consent after the operator has entered into a union neutrality agreement with Hotel Employees and Restaurant Employees Union Local 483 (the "Local"). The union neutrality agreement shall provide that the Local undertakes not to engage in any strikes, boycotts, picketing, or other economic interference with the Development.

## ARTICLE IX

### RESTRICTIONS ON TRANSFER

**9.1 Recognition of Redevelopment Purpose.** King acknowledges that: (a) completion of the Development is important to the general welfare of Sand City; (b) substantial financing and other public aids have been made available by law and by the government for the purpose of making the Development possible; and, (c) the qualifications and identity of the person or entity undertaking the Development are of particular concern to the community and the Agency.

**9.2 Conditions for Transfer.** No interest of King under this Agreement or in title to the McDonald Coastal Site shall be voluntarily or involuntarily assigned, transferred or conveyed, prior to the time the certificate of occupancy is issued by the City for the Development, without prior written approval of the Agency, which such approval shall not be unreasonably withheld or delayed if the proposed Transferee is financially qualified and has sufficient experience in the development (or after the certificate of occupancy is issued, ownership, operation and management) of Developments of the quality required by this Agreement, and the proposed Transferee demonstrates to the reasonable satisfaction of the Agency that it can perform all the agreements, undertakings, and covenants made by King in this Agreement or otherwise with regard to the Development and that the proposed Transferee can perform all of the conditions imposed on all governmental approvals for the Development. If the proposed Transferee is not a hotel operator, this condition can be met if the proposed Transferee arranges for a hotel operator for the Development who in turn can meet the foregoing requirements. If the Agency consents to a transfer of King's interest hereunder to an entity owned or controlled by King, any transfer of any such ownership or control of such entity shall be deemed a transfer of an interest under this Agreement for the purposes of this Article IX.

**9.3 Agency Review of Proposed Transferee.** To assist the Agency in determining whether or not the proposed Transferee is qualified under this Agreement, King shall furnish to the Agency at no expense to the Agency, prior to any such transfer, detailed and complete financial statements of the proposed Transferee, together with detailed and complete information about the business of the proposed Transferee, including its experience in operating developments of the quality required by this Agreement, projections by the proposed Transferee of the sources of funds to be used to pay any indebtedness that the proposed Transferee will assume or take subject to, or agree to pay in connection with the transfer and any other claims or requirements for those funds, together with any other information the Agency reasonably deems necessary to determine whether or not the proposed Transferee is qualified.

**9.4 Transferee's Assumption of Obligations.** Approval by the Agency of any Transferee shall be conditioned upon such Transferee's written assumption of all of the rights and obligations thereby transferred and to keep and perform all covenants, conditions and provisions of this Agreement which are applicable to the interests being acquired by the Transferee.

**9.5 Transfers for Park and Open Space Purposes.** It is the intent of the Parties that the McDonald Coastal Site be used for the Development and not for park or open space purposes. The Parties acknowledge that public use of some portions of the McDonald Coastal Site in conjunction with the Development is desirable, and plans for such public access will be incorporated into the Development. Notwithstanding the foregoing provisions, King and his successors in interest shall not convey any interest in the McDonald Coastal Site or any portion of the title thereto, to any public or private agency or individual for the purpose of reserving or using all or any part of the McDonald Coastal Site for park or open space purposes without the prior written consent of the Agency. If presented with a request to approve such a transfer, the Agency shall consider whether the proposed transfer will facilitate the completion and operation of the Development.

**9.6 Priority of Transfer Over Agency's Termination Rights.** Notwithstanding any other provision of this Agreement, no voluntary or involuntary transfer or conveyance of any interest in the McDonald Coastal Site or title thereto shall have priority over such termination right.

## ARTICLE X

### TERMINATION OF AGREEMENT

**10.1 Termination Events.** The following events are called "Termination Events" in this Article X.

- A. King's failure to make the payments to the Agency in the amounts and on or before the dates specified for each such payment in sections 4.1 and 4.2 of this Agreement.
- B. King's failure to submit applications to the City for the local Permits pursuant to the schedule agreed to by the Parties under section 8.4 of this Agreement.
- C. King's failure to submit final construction drawings for building permit plan check by the City within six (6) months after securing a binding commitment for construction financing for the Development.
- D. King's failure to pay the Purchase Price into escrow on or before the time set for Closing in section 6.3 of this Agreement.

E. Any interest in the McDonald Coastal Site or the title thereto is voluntarily or involuntarily sold, conveyed, assigned or otherwise transferred in contravention of the provisions of Article IX of this Agreement.

F. King's failure to diligently pursue in a reasonably businesslike manner, the completion of the Development after the Permits are approved. It is the intent of the Parties that the Permits shall not expire.

G. King's failure to perform any of King's obligations under this Agreement.

**10.2 King's Right to Cure.** Following the occurrence of any of the Termination Events, Agency may give notice to King of King's purported default, breach or failure to act. King shall have sixty (60) days following his receipt of such notice to cure such default, breach or failure to act, or, in the case of a Termination Event other than the non-payment of money when due and if such matter is not susceptible to being cured within such period, King shall commence to cure such matter within said sixty (60) day period and thereafter diligently pursue such cure to completion.

**10.3 Agency's Remedies.** If King fails to cure as provided in section 10.2, Agency shall have the right to seek specific performance of King's obligations in addition to any other remedy available to Agency at law or in equity, or terminate this Agreement.

**10.4 Payment to King on Agency Termination.** If Agency exercises its right to terminate this Agreement under section 10.3, Agency shall reimburse King in an amount equal to all of the COP "principal payments" King has then made. Such "principal payments" shall be the sum of the THREE HUNDRED FORTY THOUSAND DOLLARS (\$340,000) referred to in section 3.3 of this Agreement, plus all payments made by King under section 4.1 of this Agreement, and, in the event Closing has occurred prior to such termination and the Purchase Price has been paid, an amount equal to the sum of those COP "principal payments" which would have become due from King under section 4.1 after the Closing date. Interest at the Prime Rate plus one (1%) percent shall begin to accrue on such payment amount at the time the Agency exercises its right to terminate hereunder and such payment amount together with such accrued interest shall be due and payable by the Agency to King within one (1) year of the date the Agency exercises its said right to terminate this Agreement.

**10.5 City's Failure to Amend Local Permits.** In the event that the City fails to approve amendments to the Permits previously approved by the City to reflect a coastal development permit for the Development approved by the California Coastal Commission, such failure shall be deemed an election by the Agency to terminate this Agreement. In the event the City fails to make such approval within ninety (90) days following receipt by the City of complete application(s) for such approvals, such failure to approve shall be deemed to have occurred.

**10.6 Payment to King on Agency Deemed Termination.** In the event this Agreement is terminated as provided in section 10.5, Agency shall pay to King the fair market value of the McDonald Coastal Site on the date of such deemed termination, less any amounts necessary to pay any financial obligations then outstanding under the Trust Agreement or any other obligations previously incurred to satisfy the obligations under the Trust Agreement. Interest at the Prime Rate plus one (1%) percent shall begin to accrue on such sum on the date the City fails to approve the amendments or the date such failure has been deemed to have occurred under section 10.5, whichever occurs first. Such fair market value amount together with such accrued interest shall be due and payable by the Agency to King within one (1) year of the date said fair market value is finally determined.

**10.7 Termination by King.** King shall have the right to terminate this Agreement at any time following the City's approval of a coastal development permit for the Development and prior to the time building permits are issued for the Development. If King exercises this right to terminate this Agreement under this section 10.7, Agency shall reimburse King in an amount equal to all of the COP "principal payments" King has then made. Such "principal payments" shall be the sum of the THREE HUNDRED FORTY THOUSAND DOLLARS (\$340,000) referred to in section 3.3 of this Agreement, plus all payments made by King under section 4.1 of this Agreement, and, in the event Closing has occurred prior to such termination and the Purchase Price has been paid, an amount equal to the sum of those COP "principal payments" which would have become due from King under section 4.1 after the Closing date. Interest at the Prime Rate plus one (1%) percent shall begin to accrue on such total reimbursement amount at the time the King exercises his right to terminate hereunder and such reimbursement amount together with such accrued interest shall be due and payable by the Agency to King within one (1) year of the date King exercises his said right to terminate this Agreement.

**10.8 Conveyance of Title to McDonald Coastal Site Following Agency Termination.** In the event King holds title to the McDonald Coastal Site at the time this Agreement is terminated under any of the provisions of this Article X, King shall convey all his right, title and interest in and to the McDonald Site to the Agency immediately upon such termination, free and clear of any encumbrances as provided in this Agreement.

**10.9 Ownership of Permits, Plans, Specifications and Other Work Product.** In the event the Agency desires to acquire King's title to any or all of the Permits, plans, specifications, reports and any and all other work product produced in connection with the applications for Permits or in any way associated with the Development upon termination of this Agreement as provided in this Article X, Agency shall pay to King an amount equal to the sums King has paid for costs and expenses directly attributable to the Development since entering into the ENA with the Agency; provided, however, that the total amount of reimbursement by the Agency for such costs and expenses shall not exceed THREE HUNDRED THOUSAND DOLLARS (\$300,000); and, provided, further, that no portion of the costs and expenses subject of such reimbursement shall be attributable to the planned acquisition or development of the Sterling Site.



**10.10 Termination Following Failure to Obtain Permits.** In the Permits for the Development are not finally approved by December 31, 2007, either Party may terminate this Agreement following one (1) year notice to the other Party of such intent to terminate. In the event such termination occurs under this section 10.10, the Agency shall pay to King the fair market value of the McDonald Coastal Site as of the date of such termination. Interest at the Prime Rate plus one (1%) percent shall begin to accrue on such sum on the date said fair market value is finally determined. Such fair market value amount together with accrued together with such accrued interest shall be due and payable by the Agency to King within one (1) year of the date said fair market value is finally determined.

**10.11 Determination of Fair Market Value.** For the purposes of sections 10.6 and 10.10 of this Agreement "fair market value" shall be established by PKF Consulting of San Francisco using assumptions which are appropriate at the time such appraisal is made.

**10.12 Priority of Obligations.** Any obligation of the Agency to pay money to King under this Agreement is subordinate to the obligations of the Agency under any bonded indebtedness of the Agency during the term of this Agreement.

## ARTICLE XI

### REMEDIES

**11.1 Failure or Delay to Perform Obligation.** Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must immediately commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

**11.2 Notice of Default.** The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

**11.3 Legal Proceedings.** In addition to any other rights or remedies, either party may institute legal action seeking an order to cure, correct or remedy any default, to recover damages for any default or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the State of California, in and for the County of Monterey. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

**12.1 Inspection of Books and Records.** Either party has the right upon twenty-four (24) hours' notice (excluding weekends and holidays), at all reasonable times to inspect the books and records of the other party pertaining to the Development as pertinent to the purposes of this Agreement.

**12.2 Approvals.** Except as expressly provided otherwise in this Agreement, approvals required of either party shall not be unreasonably withheld or delayed.

**12.3 Commissions.** The Agency shall not be liable for any real estate commission or brokerage or finder's fee which may arise from the entry into this Agreement or the closing of Escrow. King agrees to hold Agency harmless from any claim for any such commission or fee.

**12.4 Survival of Covenants.** The covenants established in this Agreement shall, without regard to technical classification and designation, be binding on King and any successor in interest to the McDonald Coastal Site, or any part thereof, for the benefit and in favor of the Agency, its successors and assigns, and the City.

**12.5 Notice.** All required or permissive notices and demands given under this Agreement shall be given in writing either by personal service or by registered or certified mail return receipt requested, or for overnight delivery, postage and fees prepaid (or charged to the sender's account), when delivered to the United States Post Office, Federal Express, United Parcel Service, DHL WorldWide Express, or Airborne Express, as the case may be, or by facsimile transmission with a confirmation copy delivered by mail or overnight delivery as aforesaid. Notice shall be considered given on the date received by personal service or transmitted by facsimile, or the date appearing on the return receipt, but if the receipt is not returned, within three (3) days after being mailed. Notices shall be addressed as shown below for each party, except that, if any party gives notice of a change of name or address, notices to that party shall thereafter be given as shown in that notice.

#### AGENCY

Sand City Redevelopment Agency  
1 Sylvan Park  
Sand City, CA 93955  
Attn.: Kelly Morgan, Executive Director  
Tel: (831) 394-3054  
Fax: (831) 394-2472

**KING**

Mr. John King  
King Ventures  
290 Pismo Street  
San Luis Obispo, CA 93401  
Tel: (805) 544-4444  
Fax: (805) 544-5637

**12.5 Captions.** The captions heading the various Articles and Section of this Agreement are for convenience and shall not be considered to limit, expand, or define the contents of the respective Articles or Sections.

**12.6 Amendment.** This Agreement may be amended or modified at any time with respect to any provisions by a written instrument executed by the Agency and King.

**12.7 No Waivers.** Any waiver of the right to receive performance of any obligation under this Agreement must be expressed in a writing signed by the party who is otherwise entitled to such performance under this Agreement.


**12.8 Integration.** This Agreement constitutes the entire agreement between the Agency and King concerning their rights and obligations with respect to the matters expressed herein. Any agreements or representations respecting the sale or development of the McDonald Coastal Site not expressly set forth in this Agreement shall have no effect, except for a subsequent written modification signed by the party to be charged.

**12.9 Severability.** If for any reason any portion of this Agreement shall be declared null, void, or unenforceable by a court of competent jurisdiction, it is intended that the remaining provisions of this Agreement shall continue to be valid and enforceable.


**12.10 Duplicate Originals.** This 21 page Agreement is executed in two (2) duplicate originals, each of which is deemed to be an original.

**12.11 Recording Memorandum of Agreement.** A memorandum of this Agreement in a form reasonably acceptable to both the Agency and King shall be prepared at the time this Agreement is executed and recorded in the Official Records of Monterey County, California.

**AGENCY**

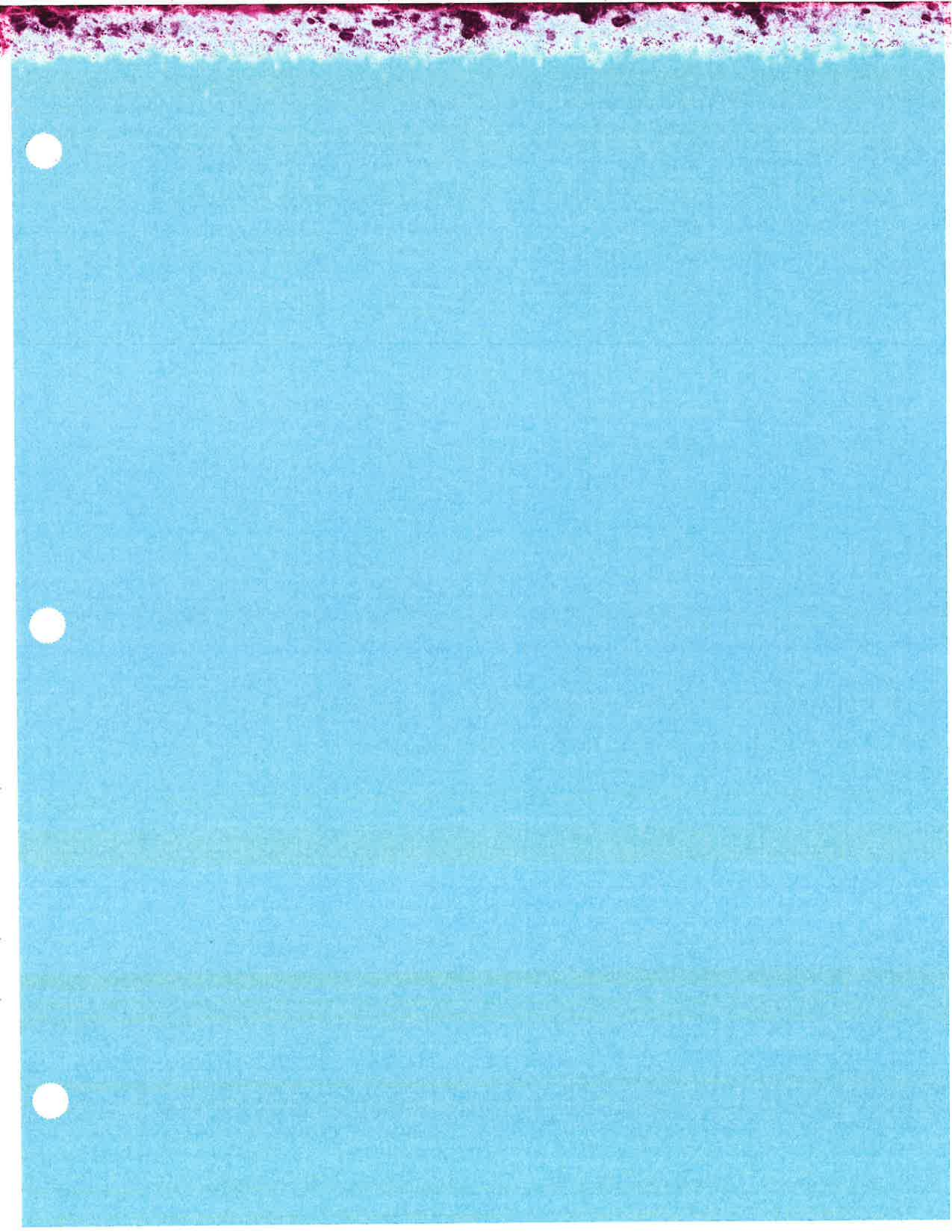
Sand City Redevelopment Agency  
by:   
David K. Pendergrass, Chairman

Attest:

  
\_\_\_\_\_  
Mary Ann Kline, Secretary

**KING**

  
\_\_\_\_\_  
John King /d/b/a King Ventures





## PROPERTY #5 – Public Easements at ‘The Independent’:

Reference: Public Plaza Easement  
Well and Utility Line Easement  
Parking Structure Easement

Address: 600 Ortiz Avenue

Assessor  
Parcel Nos. Portion of 011-236-027

Date  
Acquired: 5/17/2005 (DDA) Purchase  
Value: Unknown (Subject easements were reserved to former RDA at time of sale of underlying fee title)

Lot Size: 6,045 SF Current  
Estimated  
Value: No Current Value

Current Land Use: Public Plaza  
Well and Utility Lines  
Surface Level Parking

Current Zoning: MU-P (Mixed Use - Planned)



Purpose For Which Property Acquired : The Independent site was acquired for redevelopment as a mixed-use project. The easements for the Public Plaza, the water well and utility access, and Public Parking Structure were retained by the former Redevelopment Agency at the time the former Redevelopment Agency sold fee title to the underlying property. Maintaining these easements were intended to enable future public use; the Plaza for ongoing and future access of public events for public use, the water easement to maintain City rights and access to water from the on-site well, and the parking structure easement to provide for future public parking within the West End District. Furthermore, development of a public parking structure on the Design Center property is a stated goal of the Sand City West End District Urban Design and Parking Implementation Plan.

Parcel Data: (See above for address/location.) These easements are located on a large parcel formerly used for sand mining purposes. The large parcel was formerly developed with sheds, storage bins, a mobile office, and large scale sand processing equipment. The large parcel was acquired by the former Sand city Redevelopment Agency in 1997 and sold to a developer pursuant to a Disposition and Development Agreement (DDA) in 2005. The large parcel is currently developed with a mixed-use residential condominium project that was formerly known as the 'Design Center' and is currently known as 'The Independent'. The locations of the easements are depicted on the attached map entitled "The Independent Easement Map".

The former Redevelopment Agency conveyed fee title to the large parcel to the developer of the Design Center by grant deed in June of 2005, to be developed in accordance with the Disposition and Development Agreement. At the time title was conveyed, the former Redevelopment Agency reserved easements on the property for public plaza purposes, well lot and utility line purposes, and a parking structure.

The former Redevelopment Agency and the new property owner also entered into an Agreement regarding the public plaza easement and the parking structure easement (the Easement Agreement), a copy of which is appended to this Plan.

The Easement Agreement provides, in part, that the developer would construct the public plaza at its expense in accordance with plans approved by the City. The Easement Agreement requires the Public Plaza to remain open for use by the general public. The Public Plaza easement area is now developed with a public plaza including hardscape, planted areas, street furniture, and a large sculpture. The Public Plaza is continuously open for use by the general public. It is also used for special events, such as the West End Celebration.

The Easement Agreement also provides that the former Redevelopment Agency could construct a multi-level parking structure over the Parking Structure Easement area (called the "Parking Garage Easement" on the attached map). The owner of the Independent site would retain the right to surface level parking in the area while the former Redevelopment Agency would have exclusive right to use the upper level of the structure for parking purposes. The location of this easement is intended to take

advantage of the grade differential that exists between the westerly boundary of the easement and the property immediately to the west of the easement. Vehicles will have direct access to the upper level of the parking structure from Shasta Avenue. The Parking Structure Easement area is currently used for surface level parking.

Easements for well site purposes and utility line and access purposes were also reserved to the former Redevelopment Agency at the time title to what is now called the Independent site was conveyed to the Design Center. The well site easement is presently improved with a water well. However, the sole and exclusive right to take groundwater from that well was awarded to the City in California American Water v. City of Seaside, et al. (No. M66343, Monterey County).

Income / Revenue: The easements for the public plaza, the water well and related utility easements, and the parking garage do not generate revenue. Easement of the Plaza is intended to provide free continuous public access. Extraction of water from the well can only be performed by the City of Sand City pursuant to the final judgment cited above. The easement for the parking garage is essentially airspace and a right to use upper level(s) of a parking garage with access from Elder and Shasta Avenues for use as public parking. Since this public parking garage has not been constructed as of yet, there have been no revenues.

Estimated Current Value/Value of Acquisition. There is no current value for the Plaza, Well, or Parking easements. These were created as public easements on this site. The Public Plaza, the Well, and the Parking easement provisions were not purchased. These were negotiated to be part of the design and construction of the original redevelopment project for the project, and were maintained in the conversion to The Independent. Thus, no appraisals were needed or completed.

Environmental Assessment: An Initial Study for the adjacent mixed use project (Design Center) was prepared by PMC in March 2005. The Initial Study determined that the proposed project would not result in the transport, disposal, emission of or accidental release of hazardous materials as the project site was not a hazardous materials site. A database search conducted on Envirostor on January 24, 2013 confirmed that the project site was not a hazardous materials site.

Potential for Transit Oriented Development and Advancement of Planning Objectives: These easement areas have limited potential for transit oriented development. The SA does not hold sufficient rights in any of these areas to allow use Transit Oriented Development (TOD) or use of these easement areas. Although the easements are located less than one-half mile (0.19 mile or six blocks) northwest of the Transportation Agency of Monterey County's (TAMC) proposed future Monterey Peninsula Fixed Guideway Service station (Seaside stop), all of the easement areas are very small. In addition, all of the easement areas are located adjacent to another mixed use development that would qualify as TOD. There is no potential for future TOD on these easements.

Development Proposals: Each easement is discussed individually below.

Public Plaza Easement. This easement area is presently improved with a Public Plaza that is continuously open to and used by members of the general public plaza.

Parking Structure Easement: Maintaining easement for the parking garage will support the goal to increase public parking availability within the West End District, as provided in the 2010-2014 Sand City RDA 5-Year Implementation Plan and the Sand City General Plan.

Well Site and Utility Easement. This easement is to enable access to the existing well and for which only the City of Sand City has legal right to extract water.

Permissible Use / Disposition Recommendation: Each easement is discussed individually below.

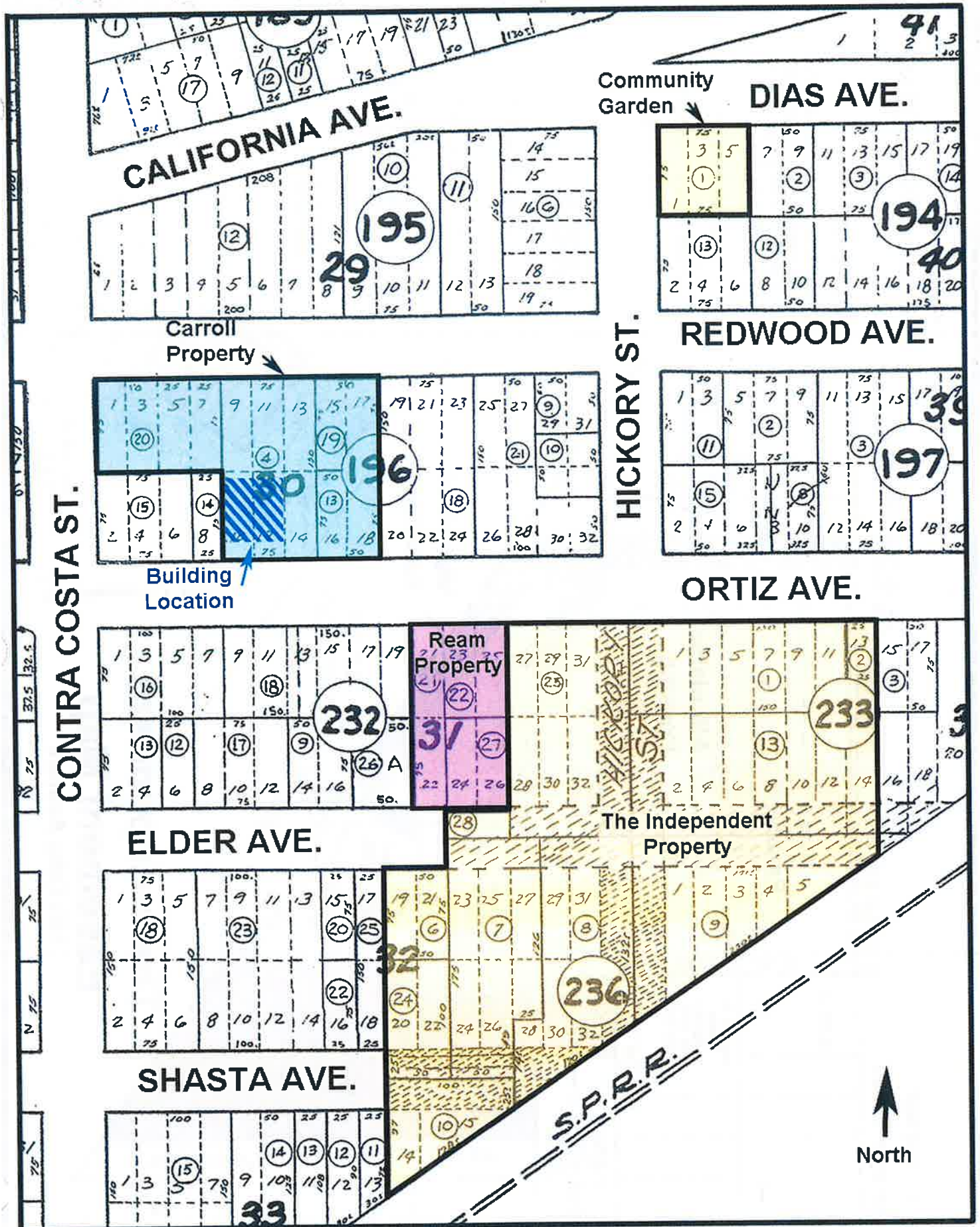
Public Plaza Easement. This easement area is presently improved with a Public Plaza that is continuously open to and used by members of the general public. The SA should transfer its interest in this easement to the City of Sand City in order to allow its continued public use.

Parking Structure Easement. In essence, this is an airspace easement that can only be used for a vehicle parking structure. After considering the cost of construction of a parking structure and the value of any fees that could be charged for use of the upper level of the parking structure, the SA does not believe that the easement has any residual value. The SA believes that a parking structure at this location will only be economically viable if its construction is subsidized by the City. The SA should transfer its interest in this easement to the City in order to allow future construction and use of a parking structure on the easement.

Well Site and Utility Easement. This well and the associated utility line easement are intended for public use in Sand City. The SA does not have any right to draw water from the Seaside Groundwater Basin. The only entity that holds a right to draw water from the Seaside Groundwater Basin and has access to this easement is the City. The SA should transfer its interest in this easement to the City so that the well can continue to be used for its public purpose.

Intended Use of Sales Proceeds: N/A (Retention for Governmental Use).










PREPARED BY:  
**POLARIS CONSULTING**

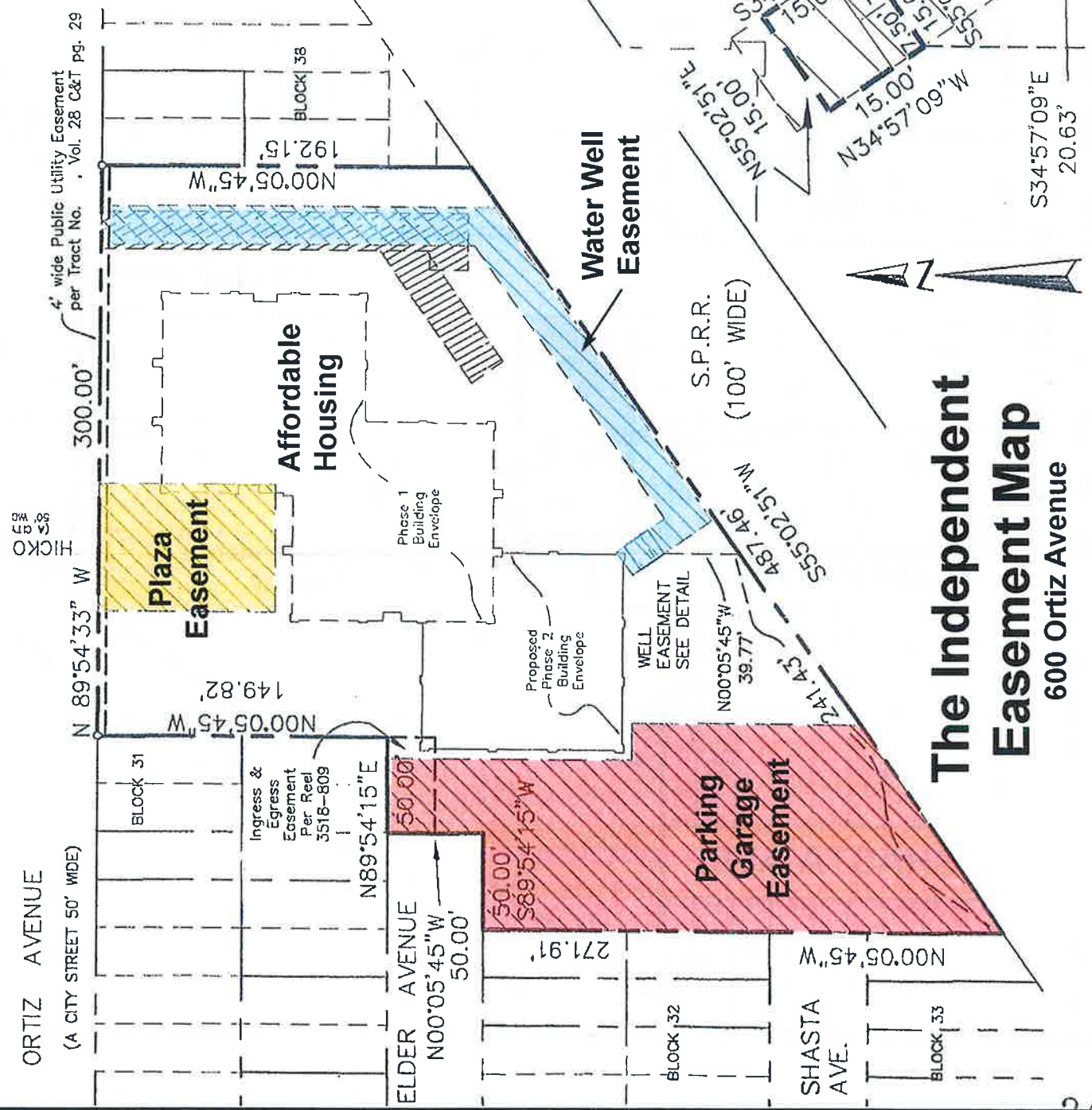
SCALE: 1" = 80'  
PORTIONS OF BLOCKS 31, 32, 33, 37  
AND 38 MAP OF EAST MONTEREY,  
VOL. I OF C & T AT PAGE 22, FILED  
OCT. 18, 1887

Sand City,  
Monterey County,  
California

**LEGEND**

-  PARCEL BOUNDARY
-  BUILDING ENVELOPE
-  PLAZA, PARKING, WELL &  
UTILITY EASEMENTS PER  
DOC #2005065071 &

**DETAIL**



**The Independent  
Easement Map**  
600 Ortiz Avenue

**PLEASE COMPLETE THIS INFORMATION**

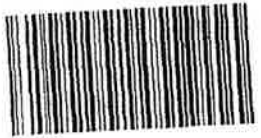
**RECORDING REQUESTED BY:**  
Old Republic Title Company  
Order Number: 0724002931MD

**WHEN RECORDED MAIL TO:**  
SAND CITY REDEVELOPMENT AGENCY  
1 SYLVAN ROAD  
SAND CITY CA 9355

Stephen L. Vagnini  
Monterey County Recorder  
Recorded at the request of  
**Old Republic Title**

RALICIA  
6/28/2005  
8:00:00

**DOCUMENT: 2005065074**



Titles: 1/ Pages: 13

Fees...  
Taxes...  
Other...  
AMT PAID

THIS SPACE FOR RECORDER'S USE ONLY

**TITLE OF DOCUMENT**

AGREEMENT REGARDING EASEMENTS

**RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:**

Sand City Redevelopment Agency  
1 Sylvan Road  
Sand City, CA 93955

**OFFICIAL BUSINESS**  
Document entitled to free  
Recording pursuant to Cal.  
Gov. Code Sec. 6103

---

**AGREEMENT REGARDING EASEMENTS**

This Agreement Regarding Easements is made this 24 day of June, 2005 by and between the Sand City Redevelopment Agency, a public agency organized and existing pursuant to the Community Redevelopment Law of the State of California ("Agency") and Design Center, LLC, a California limited liability company ("Design Center").

**RECITALS**

A. Agency has conveyed fee simple title to certain real property commonly known as the Robinette Site ("Robinette Site") to Patrick T. Corrigan and Andrew Swartz, Trustee of the Sona Saroyan Irrevocable Children's Trust I, dated 12/29/93, who in turn have conveyed title to the Robinette Site to Design Center. The Robinette Site is more particularly described on Exhibit "A" attached hereto and by this reference incorporated herein. The Grant Deed ("Agency Grant Deed") conveying the Robinette Site from Agency to Patrick T. Corrigan, a married man, and to Andrew H. Swartz of the Sona Saroyan Irrevocable Children's Trust I, dated 12/29/93, and the Grant Deed conveying the Robinette Site from Patrick T. Corrigan and Andrew H. Swartz, Trustee of the Sona Saroyan Irrevocable Children's Trust I, dated 12/29/93 to Design Center ("Design Center Deed") are being recorded concurrently herewith.

B. In the Agency Grant Deed, Agency reserved to itself certain easements in gross in the Robinette Site for outdoor public plaza purposes and to construct a vehicle parking garage (collectively, the "Reserved Easements"). In the Design Center Deed, Design Center acknowledged that it was receiving title to the Robinette Site subject to the Reserved Easements.

C. The parties desire to make the following agreements regarding the Reserved Easements.

NOW, THEREFORE, the parties agree as follows:

## AGREEMENT

### 1.0 Parking Structure.

1.1 Parking Structure Easement Area. Agency has reserved to itself in the Agency Grant Deed an easement in gross for the purpose of constructing, operating and maintaining a vehicle parking structure ("**Parking Structure**") on that portion of the Robinette Site described in Exhibit "B" attached hereto and by this reference incorporated herein (the "**Parking Structure Easement Area**").

1.2 Use Prior to Construction of Parking Structure. Prior to construction of the Parking Structure, Design Center may use the surface level of the Parking Structure Easement Area for vehicle parking purposes only. Design Center may not construct any improvements within the Parking Structure Easement Area, other than surface level paving, without the prior written consent of Agency. Any such improvements shall be made at no cost or expense to Agency. Agency may remove any such improvements at the time a Parking Structure is constructed.

1.3 Design of Parking Structure. Agency presently plans to build a Parking Structure which has two or more levels of vehicle parking with vehicular access to the upper level(s) from land adjacent to the Robinette Site. Agency shall be solely responsible for the cost of constructing, operating and maintaining the Parking Structure.

1.4 Use After Construction of Parking Structure. Design Center shall have the exclusive right to use the surface level of the Parking Structure Easement Area which remains available for vehicle parking purposes after construction of the Parking Structure. Design Center shall be solely responsible for any improvements to such surface area (such as paving) which may be necessary or appropriate for its continued use. Design Center may not make any improvements to such surface area without the prior written consent of Agency. Design Center shall have no right to use the upper level(s) of the Parking Structure except as the parties may otherwise agree.

### 2.0 Public Plaza.

2.1 Public Plaza Easement Area. Agency has reserved to itself in the Agency Grant Deed an easement in gross for outdoor public plaza purposes over that portion of the Robinette Site described in Exhibit "C" attached hereto and by this reference incorporated herein (the "**Public Plaza Easement Area**").

2.2 Construction of Public Plaza. Design Center will construct a plaza (the "**Public Plaza**") in the Public Plaza Easement Area at its sole cost and expense. The Public Plaza shall be constructed in accordance with plans and specifications approved by the City of Sand City for the first phase of the mixed-use residential and commercial project to be constructed by Design Center on the Robinette Site (the "**Development**"). The Public Plaza shall be completed prior to issuance of a Certificate of Occupancy for

the Development.

2.3 Use of the Public Plaza. The Public Plaza may be used by the general public, subject only to rules and regulations promulgated by the City of Sand City.

3.0 Survival of Covenants, Conditions and Restrictions. The covenants, conditions and restrictions contained herein shall run with and burden the Robinette Site, and all obligations, terms, conditions, and restrictions hereby imposed shall be deemed to be covenants and restrictions running with the land and shall be effective limitations on the use of the Robinette Site from the date of recordation of this Agreement and shall bind Agency and Design Center, respectively, and all of their successors and assigns. The terms, covenants, conditions, exceptions, obligations, and reservations contained in this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties named herein, whether voluntary or involuntary.

4.0 Remedies. In addition to any other remedy available at law or in equity for the breach of any obligation contained in this Agreement, the parties agree that a court of competent jurisdiction may order specific performance of any obligation of either party undertaken herein.

5.0 Attorney Fees. In the event that it becomes necessary to commence any legal proceeding to enforce any part of the foregoing covenants, conditions or restrictions, the prevailing party in such legal proceeding shall be entitled to a reasonable attorneys' fee in addition to any other remedy available to said prevailing party. "Prevailing party" shall mean and include without limitation (i) a party who dismisses an action in exchange for sums allegedly due; (ii) a party who receives performance from the other party of an alleged breach of covenant or a desired remedy where such performance is substantially equal to the relief sought in an action; or (iii) the party determined to be the prevailing party by a court of competent jurisdiction.

6.0 Severability. If for any reason any portion of this Agreement shall be declared null, void, or unenforceable by a court of competent jurisdiction, it is intended that the remaining provisions of this Agreement shall continue to be valid and enforceable.

**AGENCY**

Sand City Redevelopment Agency

Dated: 6-24-05

by:   
Kelly Morgan, Executive Director

Attest:  




Mary Ann Carbone, Secretary

DESIGN CENTER, LLC, a California limited liability company

Dated: 6-24-05

by: *Andrew Swartz* Trustee  
Andrew Swartz, Trustee of the Sona Saroyan Irrevocable Children's Trust I, dated 12/29/93, Member

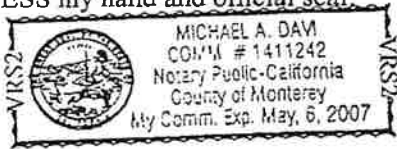
Dated: 6-24-05

by: *Patrick T. Corrigan*  
Patrick T. Corrigan, Member

STATE OF CALIFORNIA )  
  ) ss.  
COUNTY OF MONTEREY)

On June 24, 2005, before me, *Michael A. Dav*, a notary public, personally appeared Kelly Morgan, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



*Michael A. Dav*

STATE OF CALIFORNIA )  
  ) ss.  
COUNTY OF MONTEREY)

On June 24, 2005, before me, *Michael A. Dav*, a notary public, personally appeared Mary Ann Carbone, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

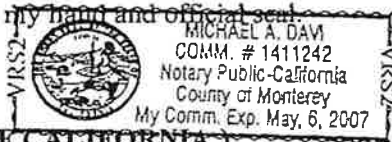


*Michael A. Dav*

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF MONTEREY)

On June 24, 2005, before me, Michael A. Dav, a notary public, personally appeared Andrew Swartz, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

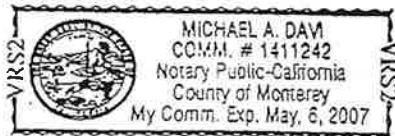


A handwritten signature in black ink, appearing to read "Michael A. Dav", written over a horizontal line.

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF MONTEREY)

On June 24, 2005, before me, Michael A. Dav, a notary public, personally appeared Patrick Corrigan, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



A handwritten signature in black ink, appearing to read "Michael A. Dav", written over a horizontal line.

## Exhibit A

### PARCEL I:

Lots 27 through 32 inclusive in Block 31, as shown on that certain map entitled, "Map of East Monterey, Monterey County, CA., Surveyed by W. C. Little" filed for record October 18, 1887 in the Office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at page 22.

Also a part of Hickory St., formerly 6<sup>th</sup> (abandoned) and Elder Ave., formerly Anita (abandoned) as set forth in the Order for Abandonment, recorded 8/23/59 in Vol. 1981 Official Records at Pg. 24, particularly described as (a) the West 1/2 of Hickory St. as described in said order and (b) the North 1/2 of Elder Ave. as described in said order lying West of the centerline of said Hickory St. (abandoned).

Excepting therefrom that portion of Elder Ave. as conveyed to David L. Wilson and Mary A. Wilson, Trustee of the David L. Wilson and Mary A. Wilson 1992 trust U/D/T February 3, 1992 by deed recorded January 31, 1997 in Reel 3475 of Official Records, Page 902.

### PARCEL II:

Lots 1 through 14 inclusive of Block 38, as shown on that certain map entitled, "Map of East Monterey, Monterey County, CA., Surveyed by W. C. Little" filed for record October 18, 1887 in the Office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at page 22.

Also (a) The East 1/2 of Hickory St. (abandoned), formerly 6<sup>th</sup>, as described in Order for Abandonment recorded 8/23/59 in Vol. 1981 Official Records, Pg. 24, (b) The North 1/2 of Elder Ave., formerly Anita (abandoned), lying East of the centerline of said Hickory St., formerly 6<sup>th</sup>, and adjacent to Lots 2, 4, 6, 8, 10, 12, 14 as described in the above said Order and Order for Abandonment recorded 1/28/55 in Vol. 1584 Official Records Pg. 395.

### PARCEL III:

Lot 19 through 32 inclusive, in Block 32 as shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the Office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

Also (a) the North 1/2 of Shasta Ave., formerly Clementina, (abandoned) as described in Order of Abandonment recorded 7/6/45 in Vol. 877 Official Records Pg. 97, (b) The South 1/2 of Elder Ave., formerly Anita, (abandoned), as described in Order of Abandonment recorded 8/23/59 in Vol. 1981 Official Records Pg. 24, lying West of the centerline of Hickory St. formerly 6<sup>th</sup>, (c) The West 1/2 of Hickory St., formerly 6<sup>th</sup>, (abandoned) as described in Order of Abandonment recorded 7/6/25 in Vol. 61 Official Records Pg. 130

PARCEL IV:

Lots 1 through 5 inclusive in Block 37 as shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the Office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

Also (a) The East 1/2 of Hickory St., formerly 6<sup>th</sup>, (abandoned) as described in Order of Abandonment recorded 7/6/25 in Vol. 61 Official Records Pg. 130 (b) The South 1/2 of Elder Ave., formerly Anita (abandoned), as described in Orders of Abandonment recorded 8/23/59 in Vol. 1981 Official Records, Pg. 24 and recorded 1/25/55 in Vol. 1584 Official Records Pg. 395, lying East of the centerline of said Hickory St and lying Westerly of the Southerly prolongation of the Westerly boundary of said Lot 16 as said Street and Lot is shown on the above referenced map.

PARCEL V:

Lots 14 and 15 inclusive in Block 33 as shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the Office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

Also the South 1/2 of Shasta Ave., formerly Clementina, (abandoned), as described in Order of Abandonment recorded 7/6/45 in Vol. 877 Official Records Pg. 97.

PARCEL VI:

A part of Elder Ave. formerly Anita (Abandoned) as set forth in the order for abandonment, recorded 8/23/59 in Vol. 1981 Official Records at Page 24, particularly described as the North 1/2 of Elder Ave., as described in said order lying South of Lots 24 and 26, in Block Numbered 31, as said Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, CA, surveyed by W. C. Little", filed for record October 18, 1887 in the Office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

Assessor's Parcel Number: 011-232-023  
011-232-028  
011-233-001  
011-233-002  
011-233-013  
011-236-024  
011-236-006  
011-236-007  
011-236-008

011-236-009  
011-236-010



**EXHIBIT "B"**

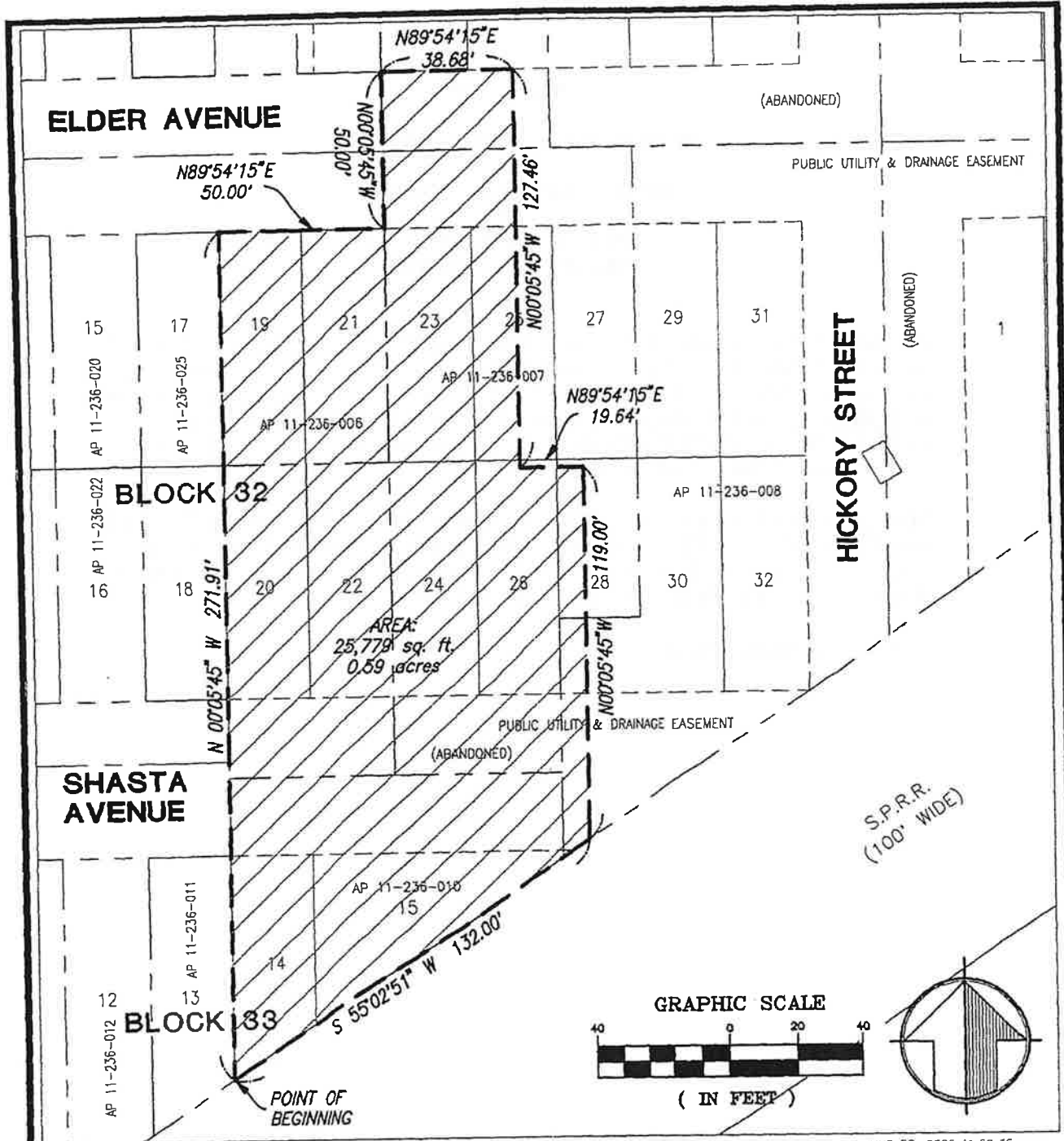
**PARKING STRUCTURE EASEMENT AREA  
ON  
DESIGN CENTER PROPERTY  
IN  
SAND CITY, CALIFORNIA  
MONTEREY COUNTY**

BEGINNING AT THE MOST SOUTHERLY CORNER OF LOT 14 IN BLOCK 33 AS SHOWN ON THAT CERTAIN MAP ENTITLED "MAP OF EAST MONTEREY, MONTEREY COUNTY, CA., SURVEYED BY W.C. LITTLE," FILED FOR RECORD OCTOBER 18, 1887 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF MONTEREY, STATE OF CALIFORNIA IN VOLUME 1 OF MAPS, "CITIES AND TOWNS" AT PAGE 22, THENCE:

NORTH 0°05'45" WEST, 271.91 FEET; THENCE NORTH 89°54'15" EAST, 50.00 FEET; THENCE NORTH 0°05'45" WEST, 50.00 FEET; THENCE NORTH 89°54'15" EAST, 38.68 FEET; THENCE SOUTH 0°05'45" EAST, 127.46 FEET; THENCE NORTH 89°54'15" EAST, 19.64 FEET; THENCE SOUTH 0°05'45" EAST, 119.0 FFET; THENCE SOUTH 55°02'51" WEST, 132.00 FEET TO THE POINT OF BEGINNING.

0.59 ACRES MORE OR LESS

June 22, 2005  
703012.40



DRAWING: S:\LAND PROJECTS\703012.40\DWG\PLAT-GRND SURFACE ESMNT.DWG

XREFS: 703012-XMAPS

JUNE 22, 2005 11:59:35 a.m.



**CREEGAN+D'ANGELO**

*Consulting Civil and Structural Engineers*

MONTEREY, FAIRFIELD, PLEASANTON, SAN FRANCISCO, SAN JOSE

**EXHIBIT 'B-1'**  
**PARKING STRUCTURE**  
**EASEMENT AREA**

SHEET

OF

**EXHIBIT "C"**

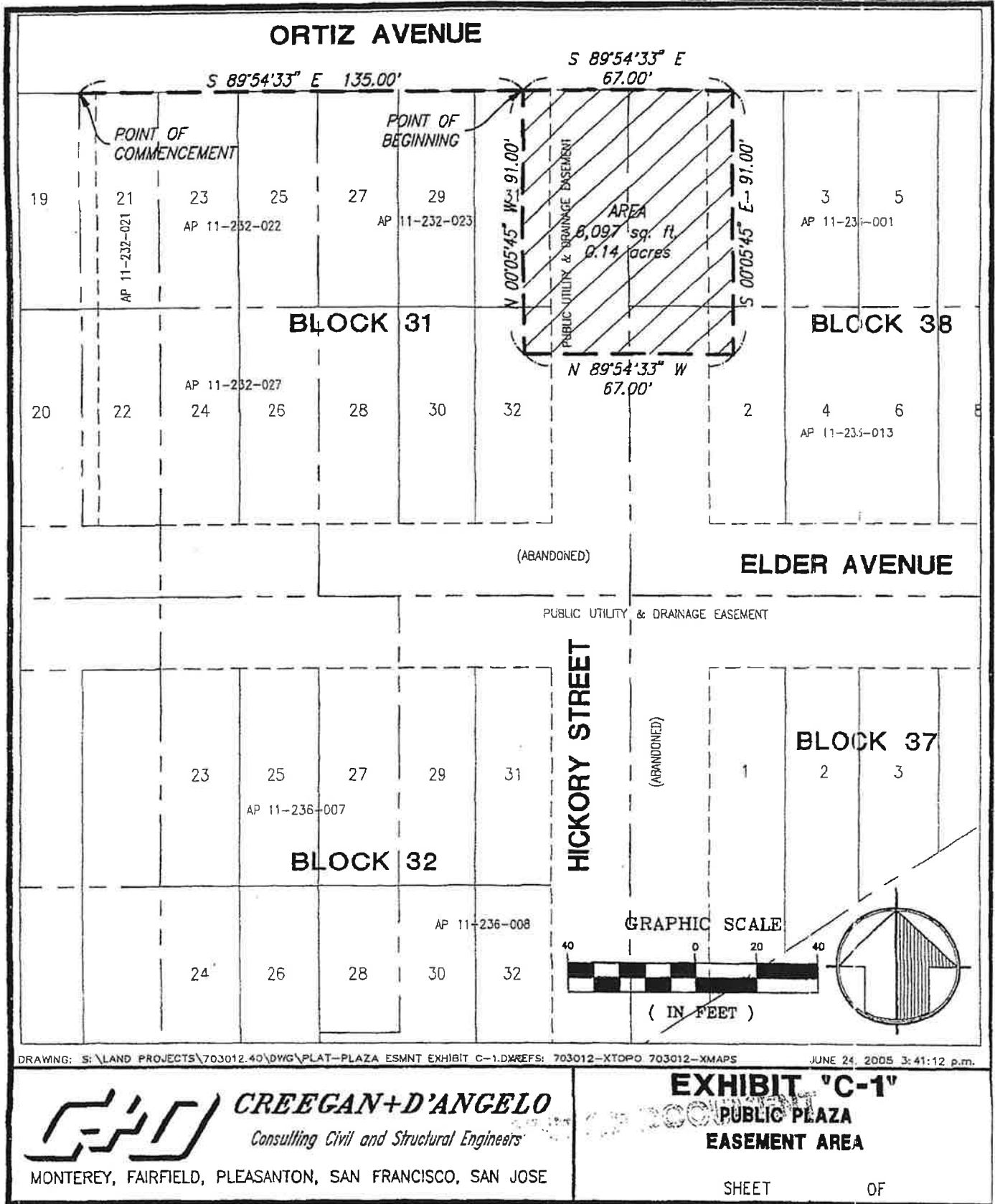
**PUBLIC PLAZA EASEMENT AREA  
ON  
DESIGN CENTER PROPERTY  
IN  
SAND CITY, CALIFORNIA  
MONTEREY COUNTY**

COMMENCING AT THE NORTH WESTERLY CORNER OF LOT 21 IN BLOCK 31 AS SHOWN ON THAT CERTAIN MAP ENTITLED "MAP OF EAST MONTEREY, MONTEREY COUNTY, CA., SURVEYED BY W.C. LITTLE," FILED FOR RECORD OCTOBER 18, 1887 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF MONTEREY, STATE OF CALIFORNIA IN VOLUME 1 OF MAPS, "CITIES AND TOWNS" AT PAGE 22, THENCE:

SOUTH 89°54'33" EAST, 135.00 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 89°54'33" EAST, 67.00 FEET; THENCE SOUTH 0°05'45" EAST, 91.00 FEET; THENCE NORTH 89°54'33" WEST, 67.00 FEET; THENCE NORTH 0°05'45" WEST, 91.00 FEET TO THE POINT OF BEGINNING.

0.14 ACRES MORE OR LESS

June 24, 2005  
703012.40



DRAWING: S:\LAND PROJECTS\703012.40\DWG\PLAT-PLAZA ESMNT EXHIBIT C-1.DWG REFS: 703012-XTPO 703012-XMAPS JUNE 24, 2005 3:41:12 p.m.

AGENDA ITEM  
8D



This item to be  
distributed under  
separate cover

AGENDA ITEM  
8F



*In celebration of the Holiday Season*

**The Sand City Council invites you to attend the  
Annual Christmas Tree Lighting Ceremony**

**Friday, December 4, 2015**

**6:00 – 8:00 p.m.**

**City Hall**

Bring the entire family and visit with

**Mr. & Mrs. Claus**

*Hot Chocolate, Apple Cider, Coffee & Cookies*



# CHAMBER CONNECTION

A weekly e-publication of the Monterey Peninsula Chamber of Commerce

## IN THIS ISSUE:

From Our Members: Employment Law and Leadership Conference

Glastonbury Supports Any Audio/Visual Event Needs

Upcoming Events: Holiday Mixer

Welcome New Members: Scales Seafood & Steaks

Women's Council of Realtors Monterey Peninsula

Chamber Announcements: Advertise in the Chamber's 2016 Community Resource Guide

In Other News: Brunke Chiropractic Annual Food Drive and Raffle

Light the Way: Carmel-by-the-Sea's 100th Anniversary

## CHAMBER QUICK LINKS

- [ChamberLink](#)
- [Chamber Events](#)
- [Chamber News](#)
- [Chamber Photos](#)
- [About the Chamber](#)

## MONTHLY CHAMBER COMMITTEE MEETINGS

**Economic Vitality**  
1st Friday: 3:30pm

**Education**  
2nd Monday: 3:30pm

**Membership**  
2nd Tuesday: 4pm

**Government Affairs**

## FROM OUR MEMBERS...

**Register Now & Save!**



## 12th ANNUAL EMPLOYMENT LAW AND LEADERSHIP CONFERENCE

**January 21, 8AM-4PM**  
**Embassy Suites Monterey Bay**  
**Use Code MPCC for Discount Rate of \$249**

TPO featuring the Saqui Law Group will guide you through an informative day, balancing both Legal and Leadership Best Practices to prepare you for 2016!  
PLUS, four timely afternoon sessions:

1. **UNINTENDED PAY DISCRIMINATION:** California's New Fair Pay Act - One of the Toughest Equal Pay Laws in the Country
2. **HR Q&A:** Balancing both Legal and Leadership Perspectives
3. **THE TOP TEN AVOIDABLE MISTAKES EMPLOYERS MAKE:** How to NOT Meet the Labor Commissioner
4. **DRIVING THOSE DIFFICULT CONVERSATIONS:** Not That You've Ever Had to Have One

Exhibitor showcase includes continental breakfast and lunch.



3rd Monday: 3:30pm

**Ambassador**

3rd Friday: 8am

**Special Events**

Varies per Event

Meetings are subject to change. If you're interested in joining a committee, please contact the Chamber office at 831-648-5350 to confirm time and location.

[Click here to learn more](#)

SAVE THE DATE

**Thursday, December 3**

Holiday Mixer  
Wells Fargo, Monterey  
6:30-8pm

**2016 EVENTS**

**January 26**  
Membership Luncheon  
Inn at Spanish Bay

**March 12**  
Annual Awards Dinner  
Marriott Monterey

**July 21**  
Business Excellence Awards  
Portola Hotel & Spa

**September 29**  
Leadership Luncheon  
Embassy Suites Monterey  
Bay

**October 25**  
Monterey Bay Business  
Expo Embassy Suites  
Monterey Bay

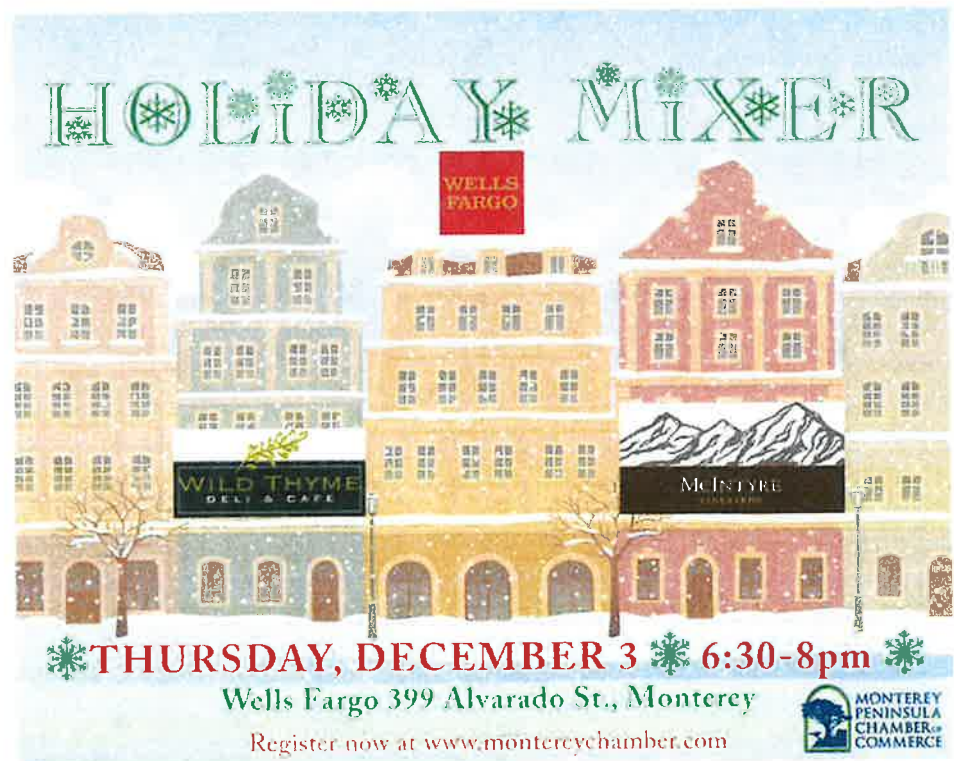


**Tis' the season for holiday parties and end-of-year celebrations.** Glastonbury supports any audio/visual and event needs, offering video options, audio systems, DJs, lighting and decor.

[Click for holiday pricing guide](#)



UPCOMING EVENTS...



WELCOME NEW MEMBERS...

**SCALES SEAFOOD & STEAKS**  
30 Fisherman's Wharf  
Monterey  
(831) 375-1331





[www.scalesmonterey.com](http://www.scalesmonterey.com)

SCALES, a new seafood and steak restaurant is located on Fisherman's Wharf. SCALES features fresh seafood, steaks and pasta; however, with its magnificent lounge, guests can also indulge in exotic cocktails or fine wines while enjoying the harbor and bay views. SCALES blends an excellent dining experience along with ambiance, superb customer service and award-winning international creations.

## WOMEN'S COUNCIL OF REALTORS

### MONTEREY PENINSULA

P.O. Box 222292

Carmel

(831) 809-0532

[www.wcrca.org](http://www.wcrca.org)



Mission Statement: "We are a network of successful realtors, advancing women as professionals and leaders in business, the industry and the community we serve." We achieve this through educational programs, group networking, linking resources and expertise to drive business success.

## CHAMBER ANNOUNCEMENTS...

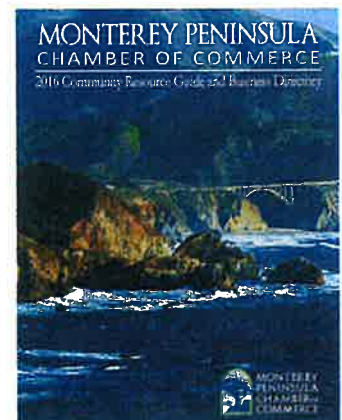
### ADVERTISE IN MONTEREY PENINSULA CHAMBER OF COMMERCE'S 2016 COMMUNITY RESOURCE GUIDE & BUSINESS DIRECTORY 365 Days of High-Impact Visibility Throughout the Monterey Peninsula

With a distribution of 25,000 copies, the **2016 Monterey Peninsula Business Directory & Community Guide** will be delivered to homes and businesses in **Monterey, Carmel, Pacific Grove and Pebble Beach**.

The directory is recognized as the primary way for Monterey Peninsula members to do business with each other and the community. Organized by business category, it serves as a convenient resource year-round. Chamber members receive a complimentary directory listing.

Your advertisement and business listing upgrade will bring widespread visibility to your brand, product or service.

- Premium and prime locations are available



If you're interested in advertising in the new directory,  
please contact Tracy Fong at 650-567-9950  
or [tracyafong@gmail.com](mailto:tracyafong@gmail.com)



243 El Dorado Street, Suite 200  
Monterey, CA 93940

## *Happy Thanksgiving*

To our valued Members,

In this season of gratitude, we give thanks for you. We value your support and appreciate your confidence in us. Counting you among our members is something for which we are especially thankful.

On behalf of all of the Board and Associates of the Monterey Peninsula Chamber of Commerce, we wish you a very

*Happy Thanksgiving*

**Please note that the Chamber office will be closed Thursday, November 26 and Friday, November 27.**



IN OTHER NEWS...



**BRUNKE**  
CHIROPRACTIC

Where Touch and Technology Come Together

## **Brunke Chiropractic's Annual Food Drive & Raffle!!!**

Help us in supporting the Food Bank of Monterey County!

### **ENTER TO WIN A FREE 1-HR MASSAGE!!!**

Drop by our office with your canned and dry foods; for each grocery bag you bring your name will be entered into our drawing for a free 1-hr full body massage.

We will be collecting up until the week of December 21st.



**FOOD BANK**  
FOR MONTEREY COUNTY

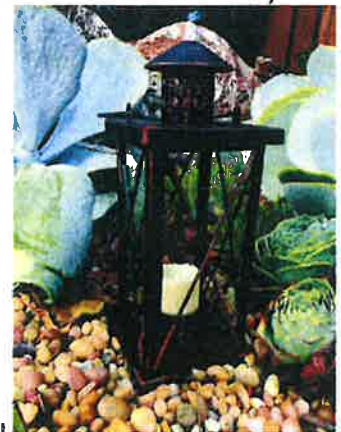
By giving to the Food Bank for Monterey County, you are helping the area's most needy children, families and seniors with a basic human need - food.

### **LIGHT THE WAY:**

#### **CELEBRATING CARMEL-BY-THE-SEA'S 100 ANNIVERSARY**

Join in the celebration of Carmel-by-the-Sea's 100th anniversary with the Carmel Chamber of Commerce by purchasing and displaying the commemorative lantern during December 2015 and 2016.

The legend of the lanterns tells of the Bohemians in early Carmel who found their way to the post office and social gatherings in the evenings by carrying a lantern. During the 2015 holiday season, participating local businesses will light the way to their doors by displaying a centennial lantern in their window.



Lantern comes with a 100th Anniversary plaque and a flameless candle (\$35).

[Click for order form](#)

## CONTACT US

### **The Monterey Peninsula Chamber of Commerce**

243 El Dorado Street, Suite 200 | Monterey, CA 93940 | 831.648.5350

[www.montereychamber.com](http://www.montereychamber.com) | [info@montereychamber.com](mailto:info@montereychamber.com)





# MONTEREY PENINSULA CHAMBER OF COMMERCE

Follow us on: [f](#) [t](#)

- Business Directory
- Photo Gallery
- Join Now!

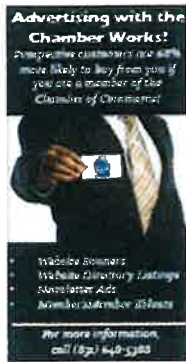
## Our Sponsors

- > [Corporate Events](#)
- > [Brown Bag Seminars](#)
- > [Member Events](#)
- > [Special Chapter Events](#)



## Member Events

[Switch to Calendar View](#)



alzheimer's association

**The Alzheimer's Association presents - How to Enjoy the Holidays: Families Living with Alzheimer's Need Special Understanding**

**Event Date:** Dec 3, 2015 at 1:00 PM to 2:30 PM

John O'Brien, Elder Care Expert For most families, the holidays are a time filled with opportunities to be together, sharing laughter and memories... [Read More](#) →

Add to Calendar

[Send to Friend](#) | [Remind Me](#)

alzheimer's association

**The Alzheimer's Association presents: 'Melodic Memories' Sing-a-Long**

**Event Date:** Dec 4, 2015 at 2:00 PM to 2:45 PM

Singing for the Brain Come sing to slow memory loss! Singing is not only an enjoyable activity, it can also provide a way for people with early memory... [Read More](#) →

Add to Calendar

[Send to Friend](#) | [Remind Me](#)

alzheimer's association

**Alzheimer's Association - Pacific Grove Caregiver Support Group**

**Event Date:** Dec 9, 2015 at 1:30 PM to 3:00 PM

If you have a family member who has been diagnosed with Alzheimer's disease or a related dementia disorder, a caregiver support group can offer... [Read More](#) →

Add to Calendar

[Send to Friend](#) | [Remind Me](#)

alzheimer's association

**Alzheimer's Association - Spanish-language Caregiver Support Group**

**Event Date:** Dec 14, 2015 at 6:00 PM to 8:00 PM

If you have a family member who has been diagnosed with Alzheimer's disease or a related dementia disorder, a caregiver support group can offer... [Read More](#) →

Add to Calendar

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alzheimer's association

**The Alzheimer's Association presents: 'Melodic Memories' Sing-a-Long**

**Event Date:** Dec 18, 2015 at 2:00 PM to 2:45 PM

Singing for the Brain Come sing to slow memory loss! Singing is not only an enjoyable activity, it can also provide a way for people with early memory... [Read More](#) →



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### Champions of the Arts Gala

**Event Date:** Jan 16, 2016 at 5:00 PM to 9:00 PM

We are proud to honor these exemplary leaders who have demonstrated such tremendous passion and commitment to the arts in Monterey County. Visit [arts4mc.org/champions](http://arts4mc.org/champions) for... [Read More](#) -->

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### 6th Annual Carmel Jewish Film Festival

**Event Date:** Mar 5 - Mar 20, 2016 at 12:00 AM to 12:00 AM

The 6th Annual Carmel Jewish Film Festival begins Sunday, March 5th, and runs through Sunday, March 20, 2016. Additional information about... [Read More](#) -->

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