



Legislation Details (With Text)

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Title: Approve the Agreement for Purchase and Sale of Real Property and Escrow Instructions to acquire fee interest of a 1.37-acre (59,677 square feet) parcel located at 1649-1715 North Blackstone Avenue (Assessor’s Parcel Number 444-314-19), for a total cost of \$3,058,700, for the construction of the Blackstone McKinley BNSF Grade Separation Project (Council Districts 1 and 7).

Sponsors: Capital Projects Department, Public Works Department

Indexes:

Code sections:

Attachments: 1. 24-634 Purchase and Sale Agreement.pdf, 2. 24-634 Vicinity Map.pdf, 3. 24-634 Location Map.pdf

Date	Ver.	Action By	Action	Result
5/23/2024	1	City Council	ADOPTED	Pass

REPORT TO THE CITY COUNCIL

FROM: RANDALL W. MORRISON, PE, Director
Capital Projects Department

SCOTT L. MOZIER, PE, Director
Public Works Department

BY: NANCY BRUNO, Supervising Real Estate Agent
Capital Projects Department, Capital Administration Division

SUBJECT

Approve the Agreement for Purchase and Sale of Real Property and Escrow Instructions to acquire fee interest of a 1.37-acre (59,677 square feet) parcel located at 1649-1715 North Blackstone Avenue (Assessor’s Parcel Number 444-314-19), for a total cost of \$3,058,700, for the construction of the Blackstone McKinley BNSF Grade Separation Project (Council Districts 1 and 7).

RECOMMENDATION

Staff recommends that the City Council approve the Agreement for Purchase and Sale of Real Property and Escrow Instructions to acquire fee interest of a 1.37-acre (59,677 square feet) parcel improved with two buildings including retail storefronts located at 1649-1715 North Blackstone Avenue Assessor’s Parcel Number (“APN”) 444-314-19 (Subject Property), owned by Jack Terzian and 3K Investment Company in the amount of \$3,058,700, and authorize the Capital Projects Director or his designee to sign all documents necessary to complete the subject acquisition.

EXECUTIVE SUMMARY

The subject acquisition, as memorialized in the Agreement for Purchase and Sale of Real Property and Escrow Instructions will provide the City with fee interest title of 1649-1715 North Blackstone Avenue (APN 444-314-19). The Subject Property is necessary to construct the Blackstone McKinley BNSF Grade Separation Project (“Project”), which will eliminate two existing at-grade crossings by grade separating North Blackstone Avenue and East McKinley Avenue under the BNSF Railway Mainline Track. The Project requires fee acquisition of the Subject Property, improved with two buildings with retail storefronts located at 1649-1715 North Blackstone Avenue, owned by Jack Terzian and 3K Investment Company.

Jack Terzian, 3K Investment Company, and the City came to a mutually agreed upon total amount of \$3,058,700 as just compensation for the acquisition of APN 444-314-19. Mr. Terzian and the members of 3K Investment Company signed the Agreement for Purchase and Sale of Real Property and Escrow Instructions on April 3, 2024.

The Subject Property has three (3) tenants, all of whom are entitled to relocation assistance pursuant to the Uniform Relocation Act. The City’s relocation consultant has contacted the tenants, and they are aware of the Project and the necessity of Subject Property. All tenants are working with the relocation consultant to find replacement properties.

BACKGROUND

The Blackstone Avenue and McKinley Avenue corridors serve as primary routes for the community, the City’s Bus Rapid Transit system, emergency vehicles, and is also part of the Blackstone Smart Mobility Plan providing Class IV protected bicycle facilities along Blackstone Avenue through the Project area. The Project location has experienced the highest traffic volumes and number of accidents of any at-grade crossing on the BNSF corridor. The Blackstone McKinley BNSF Grade Separation Project will eliminate two existing at-grade crossings by grade separating North Blackstone Avenue and East McKinley Avenue under the BNSF Mainline Track. The City is progressing through the engineering design stage and right of way acquisition stage of the Project.

The City retained Universal Field Services, Inc. (UFS) to acquire parcels on its behalf for the Blackstone McKinley BNSF Grade Separation Project. UFS retained CBRE Valuation and Advisory Services (CBRE) to prepare appraisal reports of fair market value of the properties for the Project. An appraisal report prepared by CBRE with a date of July 11, 2023, determined the total value of the Terzian and 3K Investment property (APN 444-314-19) (“Property”) to be \$2,900,000. The appraisal was reviewed by David S. Mason, Inc. (DSM), who concurred with the value given by CBRE. On August 15, 2023, UFS presented a formal offer to Mr. Terzian and 3K Investment Company (“the Owners”) from the City to purchase their Property. The Owners did not agree with the amount of compensation offered for the purchase of the Property, and provided their own opinion of the value, which pursuant to California Evidence Code Section 813 they can provide as a qualified witness. After further negotiations with the Owners, the amount of \$3,058,700 was mutually agreed upon as just compensation for the acquisition of the Property. The Owners signed the Purchase and Sale Agreement and associated Deed on April 3, 2024.

The City Attorney’s Office has reviewed and approved the Purchase and Sale Agreement as to form.

ENVIRONMENTAL FINDINGS

This Project was found to be statutorily exempt by Fresno City Council on June 25, 2020, pursuant to California Public Resources Code Section 21080.13(a) and 15282(g) of the California Environmental Quality Act (CEQA) Guidelines. The Notice of Exemption was thereafter recorded with the Fresno County Clerk on July 30, 2020. The statute of limitations for challenges to this exemption has run pursuant to CEQA Guideline Section 15062(d). This Project will eliminate two railroad crossings and grade separate North Blackstone Avenue and East McKinley Avenue under the BNSF Mainline Track.

LOCAL PREFERENCE

Local preference was not considered because this agreement does not include a bid for or award of a construction or services contract.

FISCAL IMPACT

The proposed Blackstone McKinley BNSF Grade Separation Project is within Council Districts 1 and 7. These acquisitions will have no impact to the General Fund. All Project costs for the right of way phase are funded with Measure C and California Local Partnership Program Formulaic grant funds. All funds necessary for the acquisition are included in the current fiscal year budget as previously adopted by the City Council.

Attachments:

Purchase and Sale Agreement
Vicinity Map
Location Map