

**City of Culver City, California
Agenda Item Report**

Meeting Date: 03/10/2014		Item Number: C-2	
CITY COUNCIL AGENDA ITEM: Approval of a Purchase and Sale Agreement with Asher Harel Regarding City-Owned Property Located at 10745 Cranks Road.			
Contact Person / Department: Joe Susca/CDD Todd Tipton/ CDD		Phone Number: (310) 253-5763 (310) 253-5783	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☐	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification (E-Mail) Meetings and Agendas – City Council (03/04/14); The Culver City Chamber of Commerce (02/24/14); Cavanaugh Realtors (02/24/14); Asher Harel (02/24/14); Via U.S. Post: A total of 170 businesses, residents and property owners in excess of 500 feet of the property (02/24/14)			
Department Approval: Sol Blumenfeld (2/28/14) Charles Herbertson (2/20/14)		City Attorney Approval: Heather Baker (03/04/14)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (03/04/14)		City Manager Approval: John M. Nachbar (03/04/14)	

RECOMMENDATION:

Staff recommends the City Council approve a Purchase and Sale Agreement with Asher Harel for the sale of the City-owned property located at 10745 Cranks Road in the amount of \$900,000.

BACKGROUND:

In February 2005, a landslide created by extensive rain resulted in 10745 Cranks Road (the "Property") being deemed uninhabitable. The City repaired the landslide area and acquired the Property under the terms of a settlement agreement. Following acquisition by the City, the existing improvements were demolished and the Property has remained vacant.

On March 26, 2013, the City Council authorized staff to release a Request for Qualifications (RFQ) to secure a real estate agent to market and sell the Property for development consistent with the existing zoning. Staff completed the RFQ process, interviewed respondents, and verified references.

On August 12, 2013, the City Council selected Cavanaugh Realtors (Cavanaugh) to market and sell the Property as a result of its prior experience successfully selling three properties located along the Cranks Road hillside and their detailed knowledge of its history. Since that time, staff executed a contract with Cavanaugh, listed the

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Property for sale, evaluated offers received, submitted counter offers to each of those who responded, and prepared a Purchase and Sale Agreement (PSA) with Asher Harel, who submitted the highest offer.

Mr. Harel is an experienced real estate investor, lender, and developer and is a partner in Greenworks Construction & Design, a company specializing in high quality construction projects that are eco-friendly.¹ Mr. Harel intends to construct a single family home that conforms in size to the surrounding neighborhood and incorporates the most recent energy saving technology. Mr. Harel intends to sell the property after construction is completed.

DISCUSSION:

The PSA includes, but is not limited to, the following terms and conditions:

- a. Payment will be made in cash only (traditional financing will be unnecessary).
- b. Upon execution of the PSA, a \$25,000 deposit will be placed into escrow by Mr. Harel.
- c. Mr. Harel agrees that the deposit will be forfeited as liquidated damages if he does not complete the purchase.
- d. Mr. Harel understands that acceptance of the offer is no guarantee that unusual construction methods will be approved by the City.
- e. Both parties have agreed to a 21-day escrow.
- f. Mr. Harel agrees to commence construction within one year of the close of escrow. Failure to do so will result in a \$5,000 per month penalty up to a \$25,000 maximum over five months.
- g. If Mr. Harel fails to commence construction within two years, the City has the option to take back ownership of the Property. If the Property reverts back to the City, Mr. Harel will receive his original purchase price amount minus 1) escrow fees, commissions and related fees incurred by the City during the original land sale transaction; and 2) fees incurred by the City to regain title to the Property.

FISCAL ANALYSIS:

The Property will be sold for \$900,000. Five percent of the \$900,000 sales price (\$45,000) will be divided between Cavanaugh and Asher Harel's broker (\$22,500 each) as their commission fees, which is payable upon the close of escrow. The remaining \$855,000 in land sale proceeds (minus escrow fees and related costs) will be deposited into the City's Self-Insurance Fund (30916100.386350 – Land Sale Proceeds).

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MOTIONS:

That the City Council:

1. Approve a Purchase and Sale Agreement to sell the 10745 Cranks Road property to Asher Harel in the amount of \$900,000; and
2. Authorize the City Attorney's Office to prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.

NOTES:

¹For more information on Greenworks Construction, visit their website at: <http://greenworks-construction.com/>