



August 24, 2020

Dollinger Lafayette Associates
Attn: Michael Helenius, Property Manager
555 Twin Dolphin Dr. Suite 600
Redwood City, CA, 94065

SUBJECT: OFFER TO PURCHASE OVERHEAD POWER LINE EASEMENT
SITE: 2908 Lafayette Street, Santa Clara; APN 224-08-109
South Loop Project

Dear Mr. Helenius:

The City of Santa Clara, acting by and through its municipally owned utility, Silicon Valley Power (SVP) is currently pursuing acquisition of power line easements for the South Loop Project ("Project"). The power lines that are proposed to be built for the project requires the acquisition of property rights affecting approximately 1,242 square feet over a portion of your property located at 2908 Lafayette Street, Santa Clara, CA ("Property").

SVP's primary objective of the South Loop Project is to increase system capacity and reliability. The majority of the new 60 kilo-volt (kV) transmission line would be constructed along the following city streets: Lafayette Street, Mathew Street, Martin Avenue, Walsh Avenue and De La Cruz Boulevard. Approximately 2.5 miles of the proposed route would be located in areas where existing power lines do not currently exist. The remaining segments of the Proposed Project would be along routes that have existing distribution power lines and/or telecommunication lines. The project is anticipated to be completed in 2021.

SVP designs its transmission system so that a loss of a single transmission line does not result in the loss of power for its customers. This design philosophy ensures the maximum reliability for its customers. As the power demands of the City grow, so does the necessity to construct infrastructure upgrades, such as this project, to continue to maintain this level of service reliability and increase the power capacity to support load growth and development. SVP is proactive about addressing future reliability issues and committed to providing the best service reliability for its customers.

Our preliminary title report shows Dollinger Lafayette Associates, a California general partnership to be the owner of the property located at 2908 Lafayette Street Santa Clara, CA.



Powering The Center of What's Possible

This property is within the Project area, and is also identified by the County Assessor as Parcel No. 224-08-109.

Subject to, and upon the terms and conditions set forth herein, SVP officers to purchase an easement over your property, as defined in the Easement Deed attached hereto. SVP hereby offers the sum of Twenty Two Thousand Six Hundred Dollars (\$22,600) as just compensation for the acquisition of the easement.

It is the policy of SVP to acquire property interests that are in private interests through voluntary purchase, if possible, and only when it is necessary to do so. In accordance with applicable law, SVP has obtained, reviewed and approved an appraisal to establish the fair market value of the property to be acquired. The attached Appraisal Summary outlines the basis for this offer pursuant to Government Code §7267.2.

Pursuant to Code of Civil Procedure §1263.025, SVP offers to pay your reasonable costs up to five thousand dollars (\$5,000) for an independent appraisal of the property interests. By law, an appraiser licensed by the Office of Real Estate Appraisers must prepare the independent appraisal. Although you are not required to obtain an appraisal at this time, or at all, if you believe such appraisal can assist you in evaluating this offer, it is in your interest to obtain an independent appraisal as expeditiously as possible. If you choose to obtain an appraisal, please forward SVP an invoice from your appraiser, identifying Property 2908 Lafayette Street Santa Clara, CA that is the subject of the appraisal and the fee charged.

Materials enclosed for your information include:

- An Easement with Exhibit showing the location of the acquisition area(s);
- The Appraisal Summary for your easement area.

The agent assigned to your property and to whom you will be working with is Keith Corry Senior Right of Way Professional, who can be reached at (801) 419-4507 or by email at keith.corry@eciusa.com. Please contact him if you have any questions or if you wish further clarification of this offer.

If you are agreeable to the offer please indicate your acceptance by signing in the space provided below and return an original signed copy of this letter to Mr. Corry using the postage paid return envelope, which is attached, for your use. Upon receipt of your acceptance of this purchase offer, a contract for sale and escrow instructions will be prepared for your execution. SVP will pay all of the conveyance and escrow costs. All taxes and assessments, if any, will be pro-rated, and possession will be delivered to SVP at the close of escrow.



Powering The Center of What's Possible

Sincerely,

A handwritten signature in blue ink, appearing to read "MP", written over a horizontal line.

Manuel Pineda
Assistant City Manager/ Chief Electric Utility Officer

Enclosures:

- SVP Easement with exhibit
- Appraisal Summary
- Postage paid return envelope

ACCEPTANCE OF OFFER

This offer, dated August 24, 2020 from the City of Santa Clara acting by and through its municipally owned utility, Silicon Valley Power, for \$22,600 is accepted for the acquisition of a permanent surface utility easement.

Owner's Name

By: _____

Name: _____

Title: _____

Date: _____

Recording Requested by:
Office of the City Attorney
City of Santa Clara, California

When Recorded, Mail to:
Office of the City Clerk
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

[SPACE ABOVE THIS LINE FOR RECORDER'S USE]

EXEMPT FROM RECORDING FEE
PER GOV'T CODE §§ 6103 and 27383

EXEMPT FROM FEE
PER GOV'T CODE § 27388.1 (a)(2)(D)

OVERHEAD ELECTRIC EASEMENT DEED

**2908 Lafayette Street & APN 224-08-109
Santa Clara, California**

For valuable consideration, the receipt of which is hereby acknowledged, **Dollinger Lafayette Associates, a California General Partnership**, (herein "**Grantor**"), hereby grants to the **CITY OF SANTA CLARA**, California, a chartered municipal corporation, (herein "**Grantee**"), an easement and right-of-way (herein "**Easement**") in, on, over, along and across the real property owned by Grantor in the City of Santa Clara, State of California, described in **Exhibit A** attached hereto and incorporated herein by this reference ("**Easement Area**").

This Easement shall be used by Grantee for the purpose of constructing and reconstructing, installing, operating, inspecting, maintaining, repairing, removing and/or replacing overhead electrical transmission, distribution and/or communication systems, and appurtenances thereto, including a reasonable right of ingress and egress over adjoining lands of Grantor. In exercising said right of ingress and egress, Grantee shall, wherever practical, use existing roads and lanes across lands of Grantor, if such there be, and if not, by such route or routes as shall result in the least practicable inconvenience to Grantor and any occupants of Grantor's property.

The overhead system will consist of poles, wire supports, wires and conductors suspended from pole to pole, transformers and other equipment mounted on the poles, anchors, guy attachments, and other appurtenances.

Portions of the Easement Area may be used by the Grantor for driveway(s), landscaping (excluding trees), and parking, as will not interfere with the Grantee's use of the Easement. Any other use of the Easement Area by Grantor shall be subject to Grantee's express written consent and only after Grantee's review of plans and specifications and determination that such use will not interfere with its use of the Easement. Grantee may trim any trees or remove any tree or structure which is in or adjacent to the Easement Area which, in its reasonable determination, interferes with its use of the Easement. Grantee may trim any trees or remove any tree which is in or adjacent to the Easement Area which exceeds a height of 20 Feet or poses a risk of falling onto the Grantee's facilities or equipment located within the Easement.

[SIGNATURE(S) APPEAR ON THE FOLLOWING PAGE]

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IN WITNESS WHEREOF, said grantors have hereunto set their hands this _____ day of _____, 20____.

APPROVED FOR FORM:

Brian Doyle
City Attorney

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

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"OWNER" APN 224-08-109 (2020-03)

ALL LEGAL OWNERS OF PROPERTY MUST EXECUTE THIS DOCUMENT. IF GRANTOR IS A CORPORATION, THE COMPLETE LEGAL NAME AND CORPORATE SEAL OF THE CORPORATION AND CORPORATE TITLES OF THE PERSONS SIGNING FOR THE CORPORATION SHALL APPEAR ABOVE. WRITTEN EVIDENCE OF AUTHORITY OF PERSON OR PERSONS EXECUTING THIS DOCUMENT ON BEHALF OF CORPORATION, PARTNERSHIP, OR JOINT VENTURE, OR ANY OTHER ORGANIZATION OTHER THAN A SOLE PROPRIETORSHIP SHALL BE ATTACHED.
ATTACH THE ALL-PURPOSE NOTARY ACKNOWLEDGMENT FORM FOR THE PERSON OR PERSONS EXECUTING THIS DOCUMENT ON BEHALF OF THE GRANTOR.

CALIFORNIA NOTARY ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of _____

On _____ before me, _____ (name and title of officer), personally appeared _____, 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 she/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 _____

(Seal)

Appendix A

August 24, 2020

**City of Santa Clara
South Loop Interconnect Project
Appraisal Summary Statement And
Summary of the Basis for Just Compensation
(Pursuant to Government Code Section 7267.2)**

The following is a statement of and summary of the basis for the appraisal and the amount that Silicon Valley Power has established as just compensation required by California Government Code Section 7267.2. The appraisal on which this summary is based was made in accordance with accepted appraisal principles, consistent with California valuation law.

The purpose of this appraisal is to estimate the fair market value of the proposed acquisition appraised. Section 1263.320 of the Code of Civil Procedure defines fair market value as:

- A. The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.*
- B. The fair market value of property taken for which there is no relevant market is its value on the date of valuation as determined by any method of valuation that is just and equitable.*

The date of value is January 30, 2020, which was the date of inspection.

The intended use of this appraisal is to provide information on the value of the acquisition for the Silicon Valley Power Project, which is called the South Loop Interconnect Project. The intended user is Silicon Valley Power.

The scope of work included inspecting the property, research and analysis of comparable data, and highest and best use analysis.

The appraised rights are further identified as follows:

- 1) The fair market value of a 1,242-square-foot permanent powerline easement.
- 2) The fair market value of a 1,830-square-foot Temporary Construction Easement (TCE) that is three weeks in duration.

Statement of the Amount Established as Just Compensation

The amount Silicon Valley Power has established as just compensation for the property rights described in the accompanying offer is: **\$22,600 (Twenty Two Thousand Six Hundred Dollars).**

Summary of Basis for the Amount Established as Just Compensation

This Summary of the Basis for the Amount Established as Just Compensation (prepared pursuant to Government Code Section 7267.2) is a summary of the appraisal used by Silicon Valley Power to determine the amount it established as just compensation for an easement.

(A) Property Identification – Subject Property

Owner of Record:	Dollinger Lafayette Associates
Assessor's Parcel Numbers (APNs):	Santa Clara County Assessor's Parcel Number (APN) 224-08-109
Property Address:	2908 Lafayette Street, Santa Clara, Santa Clara County, CA 95054
Property Transfers in the Past Three Years:	There have been no other transfers within three years.
General Character of Interest Being Appraised:	Easement
Larger Parcel Land Size:	44,387 square feet
Improvements:	There is an existing industrial building on the property.
Topography:	Level

Shape:	Generally rectangular
Access:	Access to the Larger Parcel is available off of Comstock Street.
Utilities:	Typical municipal and public utilities are available.
Environmental Conditions:	We did not receive a Phase I report for the Subject Property, and we assume there are no adverse environmental conditions.
Date of Valuation:	January 30, 2020
Highest and Best Use	The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.
Highest and Best Use – As If Vacant:	Industrial
Highest and Best Use – As Improved:	Existing use
Present Use	
Subject Property:	The Larger Parcel is currently used as an industrial property.
Applicable Zoning:	MH, Heavy Industrial

(B) Approaches Used in the Appraisal

We employed the “before” and “after” methodology for the Larger Parcel. In the “before” condition, we have not considered the Project.

In the “after” condition, we have considered the impacts attributed to the proposed easement and the Project.

Three methods of valuation can be applied to the appraisal of land. The most often used approach is the Direct Sales Comparison Approach. This method involves the comparison of the subject with recent sales of comparable properties.

A second method of land appraisal is the Land Development Approach. This approach involves estimating the development costs of installing all utilities and off-sites. These costs can be subtracted from a known improved lot value (established by sales comparison) to arrive at an estimate of raw land value or added to the known raw land value to arrive at the value of an improved site.

The third method employed is an Income Residual Method. An estimate is made of the potential net income, which can be earned from the site improved with buildings. The cost of these improvements is estimated to determine the portion of the income needed to supply a fair return on these costs. The residual income is available for a return on the land. Therefore, this income is capitalized into an indicated land value.

For purposes of this appraisal, the Sales Comparison Approach has been employed. Sufficient sales data was available that it was felt this method yielded a reliable result. This is the method that would most often be applied by a typical buyer of this type of property. The comparable sales are provided in Exhibit A.

Sales Comparison Approach

The sales comparison approach is used to derive a value indication by comparing the property being appraised to similar properties that have sold recently, applying appropriate units of comparison, and making adjustments to the comparables based on the elements of comparison.

Based on our analysis of sale comparables provided in Exhibit A, we estimate the land value of the Larger Parcel to be \$3,107,090 (land only). This is based on a price per square foot of land of \$70 x 44,387 square feet.

(C) Value of Part Taken

We have valued the part taken next. This consists of the value of the permanent easement.

Permanent Easement

In the "after" condition, the highest and best use of the Larger Parcel remains for continuation of the existing use.

For this valuation, the rationale for estimating the easement value can be shown as an equation:

Fee simple land value x % of fee rights being acquired = easement value

Based on our experience, an easement that is solely for subsurface utilities, as one example, may command a 10-35% share of the fee rights. As another example, exclusive control of surface rights may capture 90-100% of the fee simple value.

The subject is a perpetual easement. The grantor has significant remaining rights at the surface, landscaping, parking and signage for example. We estimate that the easement encumbers 25% of the total bundle of rights.

Therefore, the fair market value for the permanent easement is estimated at **\$21,735**, or 1,242 square feet x \$70 x 25%.

Temporary Construction Easement

The TCE measures 1,242 square feet, and the TCE period is 3 weeks (or 0.75 months). Based on our analysis of land rental rates in the Bay Area, a reasonable land rental rate is between 8% and 10% annually. The upper range is supported for this analysis, at 10%.

We have also added the depreciated value of the asphalt pavement, at \$3,431. This is derived as 1,830 square feet x \$3.75 per square foot, including profit, less 50% depreciation.

Therefore, the land rental for the TCE is estimated at \$822 or 1,830 s.f. x \$70 per square foot + \$3,431 depreciated asphalt value x 10% /12 months x 0.75 months.

Therefore, the fair market value for the TCE is estimated at \$822.

(D) Severance Damages/Benefits Analysis

Severance damages and benefits involve measuring the effect that the "acquisition" and "Project" have on the value of the property remaining, i.e., on the "remainder."

The acquisition is not expected to result in any severance damages to the remainder.

The highest and best use of the Larger Parcel upon partial acquisition is unchanged, relative to the "before" condition. We have not identified any damages from the Project.

Benefits result when the value of the remainder increases because of either the Project or the acquisition. Any resulting benefits are offset only against severance damages and not against acquisition value.

Each case for benefits is unique. In the case of the subject, we envision that the electric utility upgrades would be superior relative to the existing conditions. Since we have not identified any severance damages, we have not quantified any potential benefits.

(E) Conclusion of Just Compensation and Value in the "After" Condition

The market value of the acquisition is shown on the following page.

Summary of Valuation

A. Land Value of the whole before acquisition: (\$70 PSF x 44,387 SF)		\$3,107,090
B. Value of the part acquired as part of the whole:		\$21,735
Permanent Easement (\$70 x 1,242 SF x 25%)	\$21,735	
Site Improvements (e.g. trees)	\$0	
C. Value of the remainder as part of the whole: (Line A less Line B)		\$3,085,355
D. Value of the remainder after the acquisition and before consideration of benefits (Line C - Line E)		\$3,085,355
E. Severance Damages/Cost to Cure		\$0
F. Value of the remainder after the acquisition and after considering benefits		\$3,085,355
G. Benefits (Line F less Line D)		0
H. Net Damages or Net Benefits (Line E minus Line G)		\$0
Plus: TCE:		<u>\$822</u>
Total		\$822
I. Market Value of the Acquisition (Just Compensation) (Line B plus Line H)		\$21,735
		\$822
Subtotal		\$22,557
Rounded		<u>\$22,600</u>

The resulting land value of the remainder in the "after" condition is \$3,084,490, or \$3,107,090 - \$22,600.

The fair market value for the acquisition is, **\$22,600**, as summarized below:

Value Conclusions: 2908 Lafayette Street

	Permanent Easement	Temporary Construction Easement	Site Improvements	Net Severance Damages	Total Fair Market Value
Value Type	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value
Property Rights Appraised	Permanent Easement	TCE			Acquisition
Date of Value	January 30, 2020	January 30, 2020	January 30, 2020	January 30, 2020	January 30, 2020
Fair Market Value	\$21,735	\$822	\$0	\$0	Total: \$22,600 (rounded)

The previous is a summary of the appraisal prepared at the request of Silicon Valley Power to comply with Government Code Section 7267.2 that fairly and correctly states my opinions and knowledge.

Dated: August 24, 2020

Addenda

Exhibit A: Land Sales

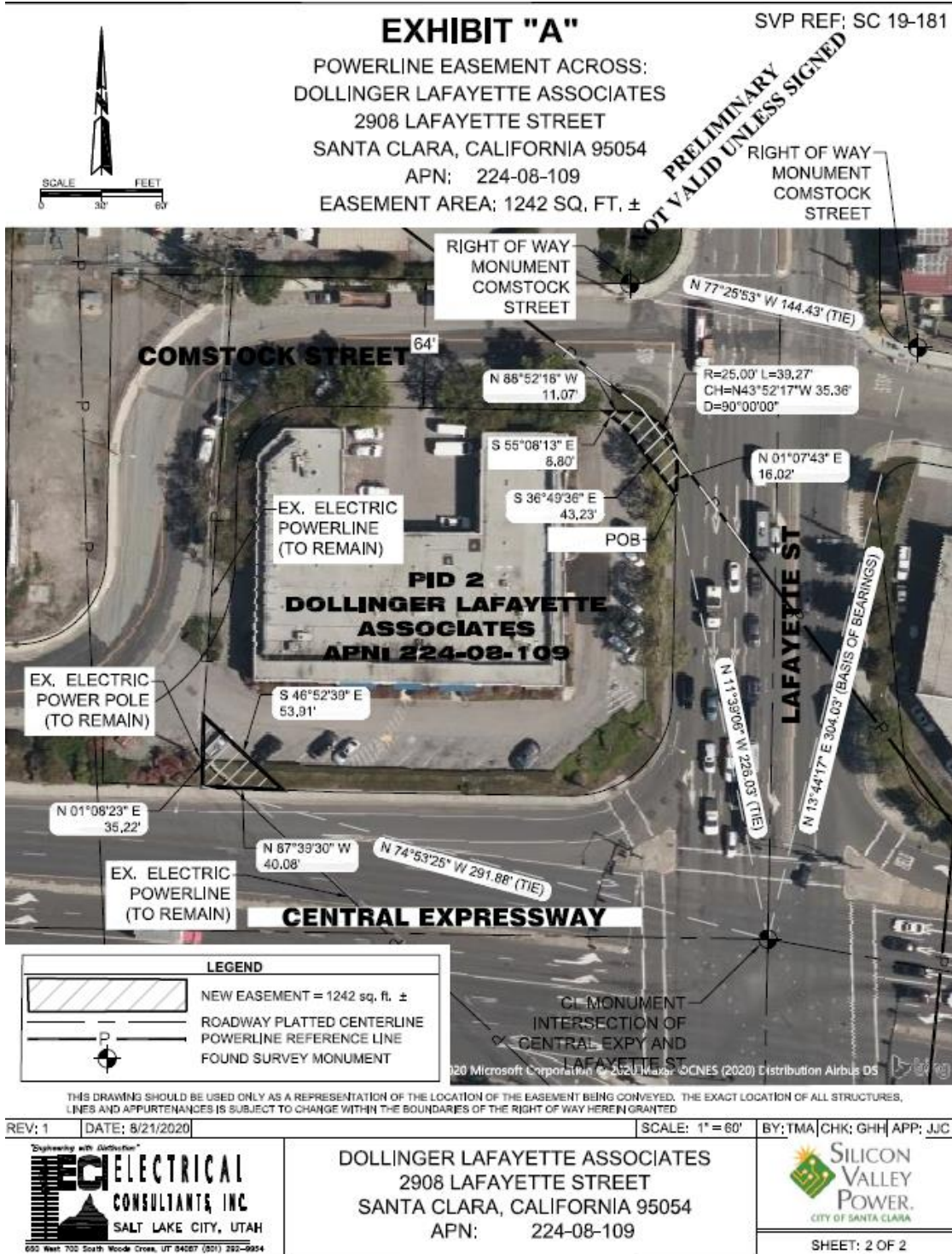
Exhibit B: Easement Area

Exhibit A: Land Sales

Comparable Sales Summary							
Comp	No.	Address	COE date	Land SF	Sale Price	Price per SF of Land	Grantor / Grantee and Recording #
	1	1000 South 3rd Street San Jose APN: 472-15-027	Aug-17	51,401	\$2,100,000	\$40.86	Grifall Trucking Inc. Richard Cohen Trust Recording # 23716163
	2	650 Martin Avenue Santa Clara APN: 224-35-017	Aug-16	207,128	\$12,310,000	\$59.43	Recology Properties Inc. Peninsula Building Materials Recording # 23398465
	3	720 Comstock Street Santa Clara APN: 224-36-025	Oct-18	7,100	\$570,000	\$80.28	Jeff Olofsen Parker Albanese I LLC Recording # 24065356
Valbridge Property Advisors							

Exhibit B: Easement Area

Permanent Easement



Temporary Construction Easement

