

CITY OF NEWPORT BEACH CITY COUNCIL STAFF REPORT

Agenda Item No. SS 3
January 27, 2009

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: City Manager's Office
Sharon Wood, Assistant City Manager
949-644-3222, swood@city.newport-beach.ca.us

SUBJECT: Appraisal Report for Banning Ranch

RECOMMENDATIONS:

1. Receive and file Consultive Pricing Study by Buss-Shelger Associates.
2. Provide direction to staff and consultants regarding additional actions.

DISCUSSION:

Background:

The General Plan establishes open space as the primary use for Banning Ranch, and provides that if it is "...not acquired for open space within a time period and pursuant to terms agreed to by the City and the property owner, the site may be developed as a residential village..., with a majority of the property preserved as open space."

The City Council set the following as a priority for 2008: "Conduct an appraisal of the Banning Ranch property and assess funding available for the purchase of the property for open space." In February 2008, the Council appointed the Banning Ranch Appraisal and Acquisition Ad Hoc Committee comprised of Mayor Selich and Council members Gardner and Rosansky.

After research by staff on the qualifications and process for hiring an appraiser, the Committee directed staff to retain Dave Myerson of Resource Opportunity Group, LLC (ROG) as the City's open space acquisition consultant. Based on conversations with appraisers with experience on properties like Banning Ranch, Myerson recommended that the City not order a formal appraisal of the property at this time. State agencies won't work on funding an acquisition until there is an agreement with property owners, and the City needs an estimate of value to open discussions with the owners. In addition, the State is required to perform its own appraisal for acquisitions of more than

\$25 million. The Committee directed staff to request proposals from appraisers to conduct a pricing study to establish a range of value for Banning Ranch. Four proposals were evaluated, and the Committee selected Buss-Shelger Associates.

Appraisal Report:

Buss-Shelger's Consultive Pricing Study is attached, and Ronald Buss will be at the City Council meeting to present his findings and respond to questions from Council members. His pricing recommendations are in the range of \$184,000,000 to \$211,000,000. With a 25% bulk price discount for acquiring all of the property at one time, the range would be reduced to \$138,000,000 to \$158,000,000. These pricing recommendations do not include the cost of clean-up and remediation from the oil operations on the property.

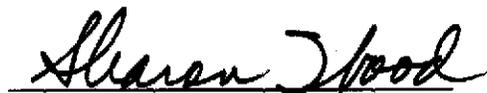
Funding Availability:

Dave Myerson is starting to make inquiries about the availability of State and other funds for acquisition of the property, and will provide the City Council with a brief oral report. He has advised staff that, in December, the State froze all disbursements from AB 55 loans and directed that all projects funded from this source be frozen. Following that direction, the Coastal Conservancy suspended all work under agreement with them that was funded with State bonds. Unfortunately, this is not a good time to be seeking funding for acquisition of open space, but Myerson will be exploring whether longer term prospects may be better.

Public Notice:

Staff provided notice of this study session to those who have subscribed to receive e-select alert messages on Newport Banning Ranch Updates, and to the list of interested parties and property neighbors maintained by the City.

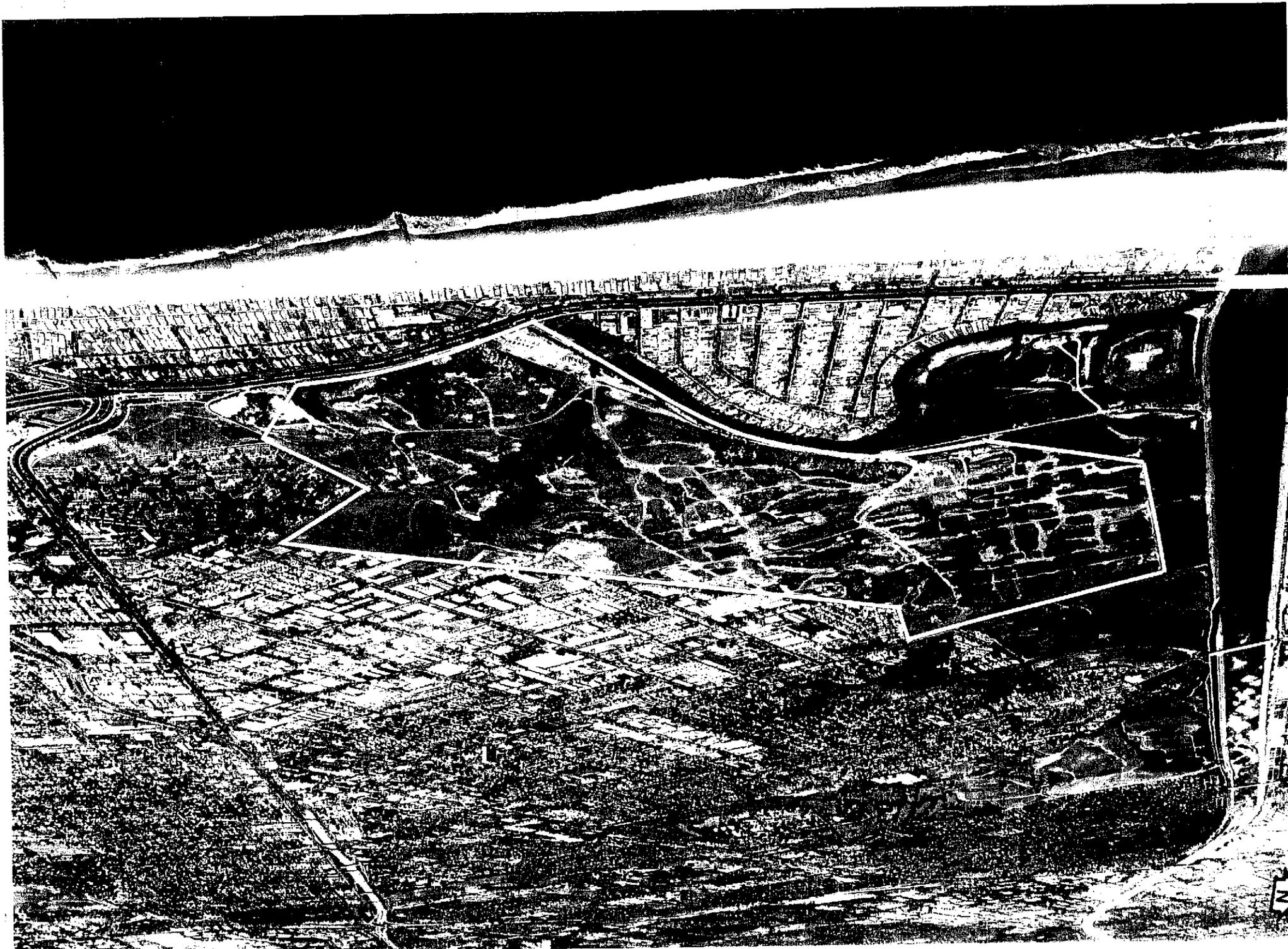
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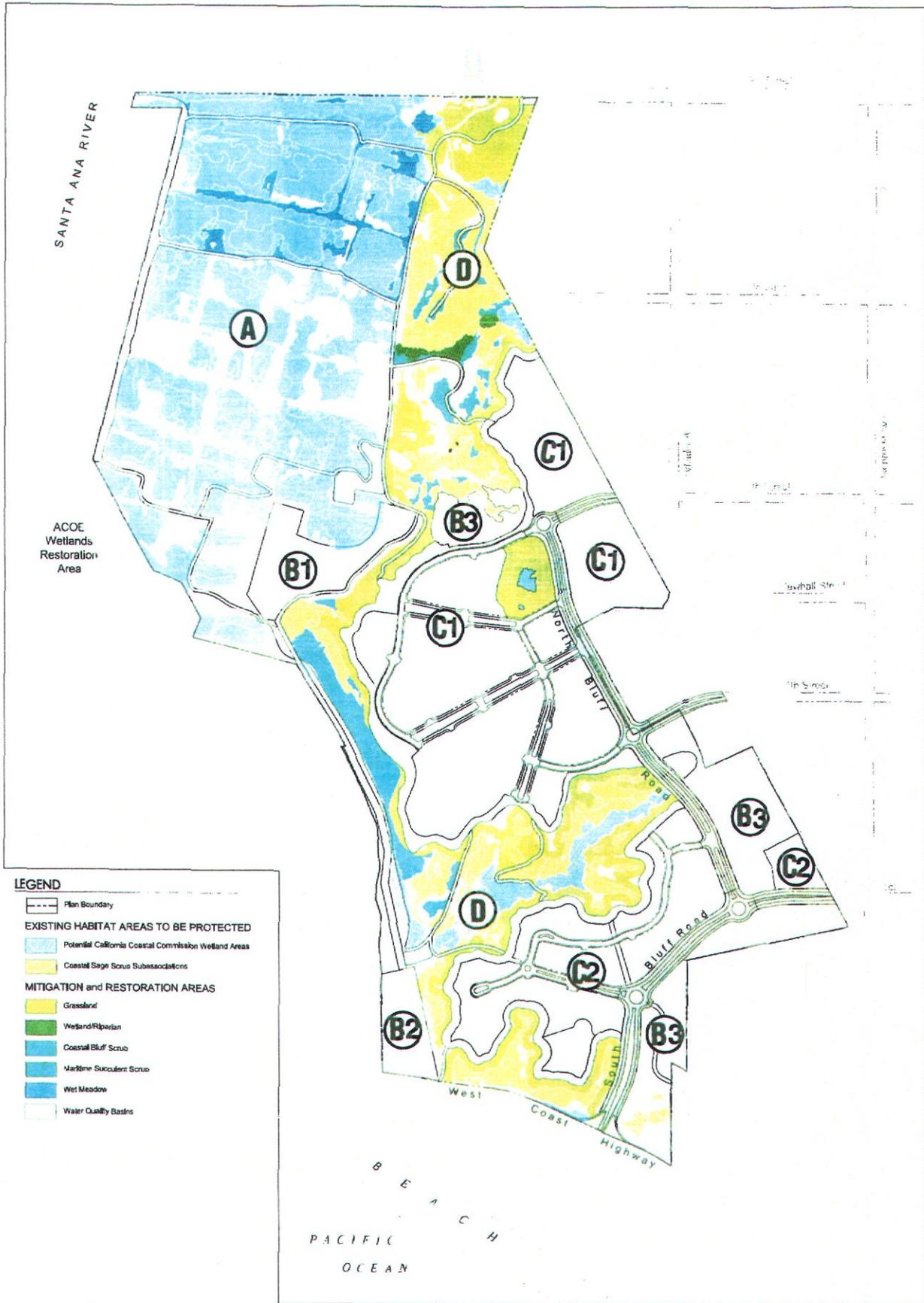
Sharon Wood
Assistant City Manager

Attachment: Consultive Pricing Study

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LEGEND

- Plan Boundary
- EXISTING HABITAT AREAS TO BE PROTECTED**
 - Potential California Coastal Commission Wetland Areas
 - Coastal Sage Scrub Subassociations
- MITIGATION and RESTORATION AREAS**
 - Grassland
 - Wetland/Riparian
 - Coastal Bluff Scrub
 - Maritime Succulent Scrub
 - Wet Meadow
 - Water Quality Basins

**Exhibit 3-1
Habitat Protection and Restoration Plan**