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**Redevelopment
Division**

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Staff Report

SS Item No. 4

To: Lemoore City Council and
Redevelopment Agency Board

From: Judy Holwell, Redevelopment Project Manager

Date: August 10, 2010

Subject: Wills Trucking – Purchase Agreement and Master Escrow
Instructions – Compliance Update

Discussion:

At the July 20, 2010 City Council meeting, Council Member Rodarmel requested that staff provide an update on the Wills Trucking relocation project. On July 16, 2002, the City of Lemoore and the Lemoore Redevelopment Agency entered into an Agreement with Dick and Glen Wills and Wills Trucking Services, Inc. (Wills) to sell Wills 35 acres of property (excluding all appurtenant water and water rights – surface and underground) in the Lemoore Industrial Park at the southwest corner (SWC) of 19th and Idaho avenues to develop the property as the new site for the Wills Trucking business. The Agreement calls for an eight-year phasing out and full relocation of all Wills Trucking Service operations from its location at the SWC of 19th Avenue and Bush Street to the new site.

The following is a list of activities and conditions required as part of the sale. The current status is noted for each item:

- By Aug. 2003 Establishment of security – 6 ft. high chain-link fence encircling yard and installation of hooded pole lights (fence complete, no lights)
- By Dec. 2003 Relocation of maintenance building (no)
- By Jan. 2005 Ninety percent of equipment to be based, maintained and stored at Idaho yard and begin evaluation process for establishment of scale, office and repair facilities (no – a couple of tractors are located at the site for weed control)
- By Jul. 2007 Project requirements and Site Plan conditions:
(Site Plan expired Nov. 18, 2005)
- Maintenance and truck school operations (no)
 - Curb, gutter and transitional paving on Idaho Avenue (no)
 - Extension of water line and fire hydrant (no)

- Aesthetic landscaping (no)
- Planting of trees and hedges along western property line (no)
- Installation of irrigation system for landscaped areas (no)
- Construction of paved turnout for ingress/egress on 19th Ave. (no)
- Relocation of gate 30 ft. behind property line (yes)
- Installation of a trash enclosure approved by Public Works Director (no)
- Installation of a light at the 19th Ave. entrance (no)

By Dec. 2007 Complete relocation of all operations currently located at Wills Terminal on 19th Avenue and Bush Street property to the new site (no)

The sales price of the property was \$392,770 and the Agreement allows Wills to fulfill the payment obligation with in-kind services. Over the life of the Agreement, Wills has performed work for the City and RDA totaling \$278,520 and they paid an initial deposit of \$1,000. Therefore, the current balance owed is \$113,250.

The Agreement specifies that Wills is not to attempt to subdivide, parcel, convey or sell any portion of the property within the first eight years, or until the purchase price is paid in full, except for purposes of developing, financing and constructing the project thereon. We are in receipt of a Notice of Default and Election to Sell under Deed of Trust on a 2005 loan from Kimberly W. Mosier and Poppy Joanne Mosier in the amount of \$81,102 which was secured by Wills with the property we sold to them. As of the date of this report, the loan is still in default. In addition, the property taxes are delinquent and became defaulted in June of 2008.

As you can see, our Agreement is in serious default. We are not able to foreclose on the property because when the Agreement was executed a payment plan was not established. The assumption was that the entire amount would be paid with in-kind services and therefore, a Deed of Trust was not recorded.

Approximately one year ago, staff obtained a Title Report on all Wills properties effected by our Agreement (two parcels at Idaho Avenue and three parcels at Bush Street). The Title Report shows multiple loans on the five parcels. The two parcels we sold to Wills had two loans, one for \$81,102 and the other for \$50,000.

It is important to note that Wills' Bush Street property may soon be sold to the developers of the Village at Acacia multi-family project. It is our understanding that the Village at Acacia tax credit application scored above 50 percent and may be one of the next applications to receive approval. If this occurs, the relocation of all Wills operations to the new site should begin promptly. However, we have no guarantee that the operations will move to the Idaho Avenue site, or whether the project will be developed as agreed, or whether Wills will even continue to operate as a business. Staff contacted Dick Wills and invited him to attend Tuesday night's discussion.

Budget Impact:

None at this time.

Recommendation:

Discussion only.