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JUN 26 2008

MEMO TO: Mayor and City Council

THRU: Mary Wade, City Attorney *MW*

FROM: Glenn A. Brockman, Assistant City Attorney *GAB*

SUBJECT: Approval of condemnation settlement in *City of Chandler v. Rodriguez* in the sum of \$355,000, plus statutory interest.

DATE: June 24, 2008

RECOMMENDATION: Staff recommends approval of settlement for the sum of \$355,000, plus statutory interest.

BACKGROUND/DISCUSSION: On October 5, 2007, after a lengthy effort to negotiate an escrowed purchase, the City initiated this condemnation action to acquire for the new city hall complex certain unused, commercial property at the southwest corner of Washington Street and Chicago Street owned by George Rodriguez. Thereafter, upon stipulation of the parties, an Order of Immediate Possession was entered by the Court on February 6, 2008, and recorded with the County Recorder on February 7, 2008.

The property at issue consists of two lots, which total 15,600 square feet, and which formerly had been leased by Roy Dossey Plumbing as its contractor's yard. The City appraised the property as of the date of suit at \$245,000. The landowner appraised the property as of the date of suit at \$450,000.

Council is requested to approve a settlement by which the City will acquire title to the property upon making payment of condemnation proceeds in the total aggregate sum of \$355,000, plus statutory interest. This amount represents a reasonable compromise of the differences between the parties. The settlement will be through a stipulated judgment entered in the suit. Any accrued real property taxes will first be paid and the balance of the judgment proceeds will be paid over to the landowner, through his legal counsel. The City previously paid over to the landowner the sum of \$325,000 in lieu of posting a bond otherwise required to obtain the Order of Immediate Possession. Therefore, assuming all real property taxes have been cleared, the actual amount remaining to be paid to the landowner, is \$30,000, plus statutory interest.

Staff recommends the settlement as a fair and reasonable compromise.

FINANCIAL IMPLICATIONS: Payment will come from funds budgeted or allocated for the city hall complex.

PROPOSED MOTION: Move to approve settlement in *City of Chandler v. Rodriguez* in the sum of \$355,000.00, plus statutory interest.

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