

File No. 220657

Committee Item No. 2

Board Item No. 34

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date July 20, 2022

Board of Supervisors Meeting Date July 26, 2022

Cmte Board

- Motion
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- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
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- Planning Commission Resolution No. 22-0070 4/12/2022
- Appraisal and Appraisal Update – 12/20/2021
- RED Approval of Appraisal Update Report Memo 1/19/2022
- Correction of APN Letter 4/28/2021
- PUC Executive Team Approving Manzano Way Property 1/7/2016
- Planning General Plan Referral 2/4/2020
- PUC Presentation 7/20/2022
- _____
- _____
- _____

Completed by: Brent Jalipa Date July 14, 2022

Completed by: Brent Jalipa Date July 21, 2022

1 [Sale Agreement - Santa Clara Valley Water District - 10,925 Square Feet of Portion of APN
2 104-28-066 in Sunnyvale, Santa Clara County - \$33,000]

3 **Resolution 1) approving and authorizing the sale to Santa Clara Valley Water District**
4 **for \$33,000 of approximately 10,925 square feet of real property located near Manzano**
5 **Way in Sunnyvale, California, a portion of Assessor’s Parcel No. (APN) 104-28-066; 2)**
6 **adopting findings declaring that the property is “surplus land” and “exempt surplus**
7 **land” pursuant to the California Surplus Lands Act; 3) adopting findings under**
8 **Administrative Code, Section 23.3, that offering the property for sale through**
9 **competitive bidding would be impractical and not in the public interest; 4) affirming the**
10 **Planning Department’s determination under the California Environmental Quality Act;**
11 **5) adopting findings that the sale of the property is consistent with the General Plan,**
12 **and the eight priority policies of Planning Code, Section 101.1; and 6) authorizing the**
13 **San Francisco Public Utilities Commission (SFPUC) General Manager and/or City’s**
14 **Director of Property to execute documents, make certain modifications, and take**
15 **certain actions in furtherance of this Resolution, as defined herein; and to authorize the**
16 **SFPUC General Manager and/or City’s Director of Property to enter into any additions,**
17 **amendments, or other modifications to the Sale Agreement that do not materially**
18 **decrease the benefits to the City with respect to the Property, and do not materially**
19 **increase the obligations or liabilities of either the SFPUC or the City, and are necessary**
20 **or advisable to complete the transaction contemplated in the Sale Agreement, to**
21 **effectuate the purpose and intent of this Resolution.**

22
23 WHEREAS, The City owns certain real property under San Francisco Public Utilities
24 Commission (SFPUC) jurisdiction located near Manzano Way at Oak Creek Way, east of
25 Calabazas Creek in the City of Sunnyvale, Santa Clara County, California, constituting

1 approximately 10,925 square feet of underutilized property (“Property”) designated as a
2 portion of Assessor Parcel No. 104-28-066; and

3 WHEREAS, The Property is improved with a concrete ramp structure that is a segment
4 of a pedestrian/bicycle trail and also contains a segment of Santa Clara Valley Water District’s
5 (“Valley Water”) service road extending north and south providing access to Valley Water’s
6 facilities; and

7 WHEREAS, Valley Water has agreed to purchase the Property on an “as-is with all
8 faults” basis; and

9 WHEREAS, City desires to convey the Property to Valley Water because Valley Water
10 is already using the Property and the SFPUC determined, through its Resolution No. 22-0070
11 dated April 12, 2022 (“SFPUC Resolution”), a copy of which is on file with the Clerk of the
12 Board in File No. 220657, that the Property is surplus to its utility needs in accordance with
13 Charter, Section 8B.121(e); and

14 WHEREAS, By the SFPUC Resolution, the SFPUC declared the Property as “surplus
15 land,” as defined in California Government Code, Section 54221(b), because City owns the
16 Property in fee simple and the Property is not necessary for City’s use; and

17 WHEREAS, By the SFPUC Resolution, the SFPUC declared the Property as “exempt
18 surplus land,” as defined in California Government Code, Section 54221(f)(1)(D), because it is
19 surplus land that the City is transferring to another local agency for the agency’s use; and

20 WHEREAS, Per Section 23.3 of the Administrative Code, the City may convey the
21 Property to Valley Water without a competitive bidding process if the Board determines a
22 competitive process is impractical, impossible, or is otherwise not in the public interest; and

23 WHEREAS, Valley Water is the only practical purchaser of the Property and intends to
24 continue use of the Property for its utility purposes; and

25

1 WHEREAS, As of February 25, 2021, a City-hired MAI appraiser, Clifford Advisory,
2 LLC, valued the Property at \$33,000, and issued an appraisal update report as of December
3 20, 2021, concluded that the \$33,000 remains unchanged; and

4 WHEREAS, On January 19, 2022, City’s Director of Property reviewed and approved
5 the appraisal update report; and

6 WHEREAS, The Director of the San Francisco Planning Department, by letter dated
7 February 4, 2020, found that the sale of the Property is consistent with the City’s General
8 Plan, and with the eight priority policies of City Planning Code, Section 101.1, and is not a
9 project under CEQA Guidelines, Sections 15060(c) and 15378, a copy of which is on file with
10 the Clerk of the Board under File No. 220657 and is incorporated herein by reference; and

11 WHEREAS, By the SFPUC Resolution, the SFPUC approved the terms of a proposed
12 agreement between the City and Valley Water for the conveyance of the Property (Sale
13 Agreement) and authorized the SFPUC General Manager to execute the necessary
14 conveyance documents for the sale of the Property, including the Sale Agreement, on
15 approval from the Board and Mayor; now, therefore, be it

16 RESOLVED, That the Board finds that the sale of the Property is not a project under
17 CEQA Guidelines, Sections 15060(c) and 15378 and is consistent with the General Plan, and
18 the eight priority policies of City Planning Code, Section 101.1 as set forth in the letter from
19 the Director of Planning dated February 4, 2020; and, be it

20 FURTHER RESOLVED, That the Board finds, in consideration of the foregoing, that
21 the Property is “surplus land,” as defined in California Government Code, Section 54221(b),
22 because it is owned in fee simple by City and not necessary for City’s use; and, be it

23 FURTHER RESOLVED, That the Board finds, in consideration of the foregoing, that
24 the Property is “exempt surplus land,” as defined in California Government Code, Section
25

1 54221(f)(1)(D), because it is surplus land that the City is transferring to another local agency
2 for the agency's use; and, be it

3 FURTHER RESOLVED, That the Board determines, in accordance with Section 23.3
4 of the Administrative Code, that a competitive bidding process for the conveyance of the
5 Property is impractical and is otherwise not in the public interest because of Valley Water's
6 adjacent property interests and existing, permitted infrastructure, and ability to condemn
7 property interests in the Property; and, be it

8 FURTHER RESOLVED, That the Board finds that the conveyance of the Property is
9 consistent with the General Plan and with the eight priority policies of City Planning Code
10 Section 101.1 for the same reasons as set forth in the letter from the Director of Planning
11 dated February 4, 2020, and hereby incorporates such findings as though fully set forth in this
12 Resolution; and, be it

13 FURTHER RESOLVED, That, in accordance with the recommendation of the SFPUC,
14 the Board approves and authorizes the City to sell the Property to Valley Water for \$33,000;
15 and, be it

16 FURTHER RESOLVED, That, in accordance with the SFPUC's recommendations, the
17 Board approves the terms and conditions of the Sale Agreement for the sale of the Property to
18 Valley Water, and approves and authorizes the SFPUC General Manager and/or City's
19 Director of Property to take all actions necessary or appropriate to sell the Property and
20 effectuate the Sale Agreement and this Resolution; and, be it

21 FURTHER RESOLVED, That the SFPUC General Manager and/or City's Director of
22 Property is authorized and urged in the name and on behalf of the City and County of
23 San Francisco to execute the Sale Agreement in substantially the form presented to the Board
24 and to take any and all steps (including, but not limited to, the execution and delivery of any
25 and all certificates, agreements, notices, consents, escrow instructions, closing documents,

1 and other instruments or documents) as the Director of Property or the SFPUC General
2 Manager deems necessary or appropriate in order to consummate the sale contemplated by
3 the Sale Agreement to Valley Water, or to otherwise effectuate the purpose and intent of this
4 resolution, such determination to be conclusively evidenced by the execution and delivery by
5 the Director of Property and/or the SFPUC General Manager of any such documents; and, be
6 it

7 FURTHER RESOLVED, That in accordance with the recommendation of the SFPUC
8 General Manager, the Board ratifies, approves, and authorizes all actions heretofore taken by
9 any City official in connection with the Sale Agreement and the transaction contemplated
10 thereby; and, be it

11 FURTHER RESOLVED, That the Board authorizes the SFPUC General Manager
12 and/or City's Director of Property, in consultation with the Office of the City Attorney, to enter
13 into any additions, amendments, or other modifications to the Sale Agreement (including,
14 without limitation, the exhibits and ancillary agreements attached to the Sale Agreement) that
15 the SFPUC General Manager and/or City's Director of Property determine are in the best
16 interests of the City, do not materially decrease the benefits to the City with respect to the
17 Property, do not materially increase the obligations or liabilities of either the SFPUC or the
18 City, are necessary or advisable to complete the transaction contemplated in the Sale
19 Agreement, effectuate the purpose and intent of this resolution, such determination to be
20 conclusively evidenced by the execution and delivery by the SFPUC General Manager and/or
21 City's Director of Property of any such additions, amendments, or other modifications, and are
22 in compliance with all applicable laws, including the City Charter; and, be it

23 FURTHER RESOLVED, That within thirty (30) days after the Closing (as defined in the
24 Sale Agreement), the SFPUC shall provide any applicable final contracts to the Clerk of the
25 Board for inclusion into the official file.



San Francisco Public Utilities Commission

Sale of 10,925 Sq. Ft. Parcel to Santa Clara Valley Water District

July 20, 2022

Anthony Bardo, Real Estate Services Division

Depiction of Property



No Utility Use of the Property

- The SFPUC has no utility use for the Property, which was deemed underutilized per an SFPUC statement of underutilization for the Property, dated December 18, 2015, signed by the Assistant General Managers of the Water, Wastewater, and Power Enterprises.
- The SFPUC proposes to sell the Property to Valley Water at the fair market value of \$33,000 to raise needed funds for the Water Enterprise.
- The City of Sunnyvale will continue to maintain the concrete ramp structure under a new agreement with Valley Water.

Competitive Bidding Impractical

- Valley Water has the authority to exercise the power of eminent domain and compel the City to sell the Property that it uses for its district purposes, including accessing their nearby facilities.
- In this case, a competitive bidding process under Section 23.3 of the Administrative Code is impractical and otherwise not in the public interest because the sale of the Property to Valley Water will avoid the expense, time, effort, and risk of eminent domain litigation.

Exempt Surplus Property

- The Property is “surplus land,” as defined in California Government Code Section 54221(b), because it is owned in fee simple by the City and not necessary for the City’s use.
- The Property is “exempt surplus land,” as defined in California Government Code Section 54221(f)(1)(D), because it is surplus land that the City is transferring to another local agency for the agency’s use.

Fair Market Appraisal

- A City–retained MAI appraiser determined the fair market value of the Property as of February 25, 2021 to be \$33,000. The City’s Director of Property approved the appraisal on May 26, 2021.
- The MAI appraiser updated its appraisal as of December 20, 2021 where it confirmed its original value conclusion of \$33,000. The City’s Director of Property approved the updated appraisal on January 19, 2022.

Commission and Board Approval

- On April 12, 2022, by Resolution No. 22-0070, the San Francisco Public Utilities Commission approved this sale.
- The SFPUC requests that the Budget and Finance Committee recommend this resolution to the full board.

AGREEMENT FOR SALE OF REAL ESTATE

by and between

**CITY AND COUNTY OF SAN FRANCISCO,
acting by and through its Public Utilities Commission,**

as Seller

and

**SANTA CLARA VALLEY WATER DISTRICT,
a Special District, created by the California Legislature,**

as Buyer

for the sale and purchase of

**an approximately 10,925 square foot portion of APN 104-28-066,
located in the City of Sunnyvale, County of Santa Clara, State of California.**

_____, 20__

Valley Water File No. 2010-225

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LIST OF EXHIBITS

EXHIBIT A	Legal Description of Real Property
EXHIBIT B	Depiction of Real Property
EXHIBIT C	Form of Quitclaim Deed

AGREEMENT FOR SALE OF REAL ESTATE
(a portion of Assessor's Parcel No. 104-28-066,
City of Sunnyvale, County of Santa Clara, State of California)

THIS AGREEMENT FOR SALE OF REAL ESTATE (this "**Agreement**") dated for reference purposes only as of _____, 20___, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a California municipal corporation ("**City**" or "**Seller**"), and SANTA CLARA VALLEY WATER DISTRICT, a Special District, created by the California Legislature ("**Buyer**"). City and Buyer are sometimes collectively referred to in this Agreement as the "**Parties**" or singularly as "**Party**."

THIS AGREEMENT IS MADE WITH REFERENCE TO THE FOLLOWING FACTS AND CIRCUMSTANCES:

A. City owns an unimproved parcel of real property adjacent to Manzano Way at Oak Creek Way, east of Calabazas Creek in the City of Sunnyvale, Santa Clara County, State of California, and designated as a portion of Santa Clara County Assessor's Parcel Number 104-28-066 ("**Manzano Way Property**").

B. The SFPUC determined that most of the Manzano Way Property is not required for its utility needs and is conveying a portion of the Manzano Way Property, more particularly described in the attached **Exhibit A**, and shown generally on the map attached as **Exhibit B** ("**Property**"), to Buyer.

C. The Property is subject to three revocable permits with Buyer and Buyer's predecessor-in-interest, the Santa Clara County Flood Control and Conservation District, and one revocable permit with the City of Sunnyvale (the "**Permits**"). The Parties acknowledge that, aside from the permit to the City of Sunnyvale, the Property is under the possession and control of Buyer, as provided in the Permits. City will revoke the Permit to the City of Sunnyvale at Closing (as defined in Sec. 2 below).

D. Due to the configuration of the Property and Buyer's improvements on the Property under the Permits, Buyer is the only practical purchaser of the Property. Buyer intends to continue use of the Property for district purposes. The SFPUC has recommended the sale of the Property to Buyer pursuant to Resolution No. _____.

E. Buyer desires to purchase the Property and City is willing to sell the Property, subject to approval by City's Board of Supervisors and Mayor, on the terms and conditions set forth in this Agreement.

ACCORDINGLY, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Buyer hereby agree as follows:

1. SALE AND PURCHASE

1.1 Property Included in Sale

Subject to the terms, covenants and conditions set forth in this Agreement, City agrees to sell to Buyer, and Buyer agrees to purchase from City, City's interest in the Property.

2. PURCHASE PRICE

The purchase price for the Property is Thirty-Three Thousand Dollars (\$33,000) (the "**Purchase Price**"). Within fourteen (14) days after signing this Agreement, Buyer shall deposit

the Purchase Price into escrow with Chicago Title Company, One Embarcadero Center, Suite 250, San Francisco, California 94111, Attention: Mary Pat Noeker (the “**Title Company**”). Title Company shall deliver the Purchase Price to City at the consummation of the purchase and sale contemplated by this Agreement (the “**Closing**”).

All sums payable under this Agreement shall be paid by good check or in immediately available funds of lawful money of the United States of America.

3. TITLE

3.1 Conditions of Title

At the Closing City shall quitclaim interest in and to the Property to Buyer by quitclaim deed in the form attached as **Exhibit C** (the “**Deed**”). Title to the Property shall be subject to (a) liens of local real estate taxes and assessments, (b) all existing exceptions and encumbrances, whether or not disclosed by a current preliminary title report or the public records or any other documents reviewed by Buyer pursuant to **Section 5.1** [Buyer’s Conditions Precedent] below, and any other exceptions to title which would be disclosed by an accurate and thorough investigation, survey, or inspection of the Property, and (c) all items of which Buyer has actual or constructive notice or knowledge. All of the foregoing exceptions to title shall be referred to collectively as the “**Conditions of Title**.” Without limiting the foregoing, Buyer acknowledges receipt of a preliminary report issued by the Title Company under Order No. 15606674-156-TJK-MC1, dated April 13, 2021 (the “**Title Report**”), covering the Property and approves all of the exceptions contained in the Title Report.

3.2 Buyer’s Responsibility for Title Insurance

Buyer understands and agrees that the right, title and interest in the Property shall not exceed that vested in City, and City is under no obligation to furnish any policy of title insurance in connection with this transaction. Buyer recognizes that any fences or other physical monument of the Property’s boundary lines may not correspond to the legal description of the Property. City shall not be responsible for any discrepancies in the parcel area or location of the property lines or any other matters which an accurate survey or inspection might reveal. It is Buyer’s sole responsibility to obtain a survey from an independent surveyor and a policy of title insurance from a title company, if desired.

4. “AS-IS” PURCHASE; RELEASE OF CITY

4.1 Buyer’s Independent Investigation

Buyer represents and warrants to City that Buyer has performed a diligent and thorough inspection and investigation of each and every aspect of the Property, either independently or through agents of Buyer’s choosing, including, without limitation, the following matters (collectively, the “**Property Conditions**”):

(a) All matters relating to title including, without limitation, the existence, quality, nature and adequacy of City’s interest in the Property and the existence of physically open and legally sufficient access to the Property.

(b) The zoning and other legal status of the Property, including, without limitation, the compliance of the Property or its operation with any applicable codes, laws, regulations, statutes, ordinances and private or public covenants, conditions and restrictions, and all governmental and other legal requirements such as taxes, assessments, use permit requirements and building and fire codes.

(c) The quality, nature, adequacy and physical condition of the Property, including, but not limited to, the structural elements, foundation, roof, interior, landscaping, parking facilities, and the electrical, mechanical, HVAC, plumbing, sewage and utility systems, facilities and appliance, and all other physical and functional aspects of the Property.

(d) The quality, nature, adequacy, and physical, geological and environmental condition of the Property (including soils and any groundwater), and the presence or absence of any Hazardous Materials in, on, under or about the Property or any other real property in the vicinity of the Property. As used in this Agreement, "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment.

(e) The suitability of the Property for Buyer's intended uses.

(f) The economics and development potential, if any, of the Property.

(g) All other matters of material significance affecting the Property.

4.2 Property Disclosures

California law requires sellers to disclose to buyers the presence or potential presence of certain Hazardous Materials. Accordingly, Buyer is hereby advised that occupation of the Property may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. By execution of this Agreement, Buyer acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Section 25359.7 and related statutes.

4.3 Testing and Indemnity

Before Buyer performs any on-site testing, Buyer shall give City written notice thereof, including the identity of the company or persons who will perform such testing, the precise time and location of the testing, and the proposed scope of the testing. City shall have the right to approve, disapprove, or condition and limit the proposed testing, in City's sole discretion, within ten (10) business days after receipt of such notice. If Buyer or its agents, employees or contractors take any sample from the Property in connection with any approved testing, Buyer shall provide to City a portion of such sample being tested to allow City, if it so chooses, to perform its own testing. City or its representative may be present to observe any testing or other inspection performed on the Property. Buyer shall promptly deliver to City copies of any reports relating to any testing or other inspection of the Property performed by Buyer or its agents, employees or contractors, but shall not deliver copies of any such reports to any other person or entity without Buyer's prior written approval. Buyer shall keep all test results and information strictly confidential, and shall indemnify, reimburse, defend and hold City harmless from and against any loss, cost, expense, or damage resulting from Buyer's failure to keep any information obtained from an inspection or testing of the Property strictly confidential; provided, however, Buyer shall not be liable if and to the extent Buyer is required to disclose such information pursuant to a court order. Buyer shall comply with all laws, ordinances, rules, regulations, orders and the like issued or promulgated by any local, state, or federal governmental agency in connection with any entry onto or testing of the Property.

Buyer shall maintain, and shall require that its Agents maintain, commercial general liability and property damage insurance in amounts and in form and substance adequate to insure against all liability of Buyer and its Agents, arising out of any entry or inspection of the Property

in connection with the transaction contemplated by this Agreement, and Buyer shall provide City with evidence of such insurance coverage upon request from City.

To the fullest extent permitted under law, Buyer shall indemnify, defend and hold harmless City, its Agents, and each of them, from and against any liabilities, costs, damages, losses, liens, claims and expenses (including, without limitation, reasonable fees of attorneys, experts and consultants and related costs) (collectively “**Claims**”) arising out of or relating to any entry on, under or about the Property by Buyer, its Agents, contractors and subcontractors in performing the inspections, testing, or inquiries provided for in this Agreement, whether prior to the date of this Agreement or during the term hereof, including, without limitation, any injuries or deaths to any persons (including, without limitation, Buyer’s Agents) and damage to any property, from any cause whatsoever. The foregoing indemnity shall survive beyond the Closing, or, if the sale is not consummated, beyond the termination of this Agreement.

4.4 “As-Is” Purchase

BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT CITY IS SELLING AND BUYER IS PURCHASING CITY’S INTEREST IN THE PROPERTY ON AN “AS-IS WITH ALL FAULTS” BASIS. BUYER IS RELYING SOLELY ON ITS INDEPENDENT INVESTIGATION AND NOT ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM CITY OR ITS AGENTS AS TO ANY MATTERS CONCERNING THE PROPERTY, ITS SUITABILITY FOR BUYER’S INTENDED USES OR ANY OF THE PROPERTY CONDITIONS. CITY DOES NOT GUARANTEE THE LEGAL, PHYSICAL, GEOLOGICAL, ENVIRONMENTAL OR OTHER CONDITIONS OF THE PROPERTY, NOR DOES IT ASSUME ANY RESPONSIBILITY FOR THE COMPLIANCE OF THE PROPERTY OR ITS USE WITH ANY STATUTE, ORDINANCE OR REGULATION. IT IS BUYER’S SOLE RESPONSIBILITY TO DETERMINE ALL BUILDING, PLANNING, ZONING, AND OTHER REGULATIONS RELATING TO THE PROPERTY AND THE USES TO WHICH IT MAY BE PUT.

4.5 Release of City

As part of its agreement to purchase the Property in its “As-Is With All Faults” condition, Buyer, on behalf of itself and its successors and assigns, waives any right to recover from, and forever releases and discharges, City, its officers, employees, agents, contractors, and representatives, and their respective heirs, successors, legal representatives, and assigns, from any and all demands, claims, legal, or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs, or expenses whatsoever (including attorneys’ fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with **(a)** Buyer’s and its Agents and customer’s past, present and future use of the Property, **(b)** the physical, geological, or environmental condition of the Property, including, without limitation, any Hazardous Material in, on, under, above or about the Property, and **(c)** any federal, state, local, or administrative law, rule, regulation, order or requirement applicable thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“**CERCLA**”, also commonly known as the “**Superfund**” law), as amended by Superfund Amendments and Reauthorization Act of 1986 (“**SARA**”) (42 U.S.C. Sections 9601-9657), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (collectively, “**RCRA**”) (42 U.S.C. Sections 6901-6987), the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977 (collectively the “**Clean Water Act**”) (33 U.S.C. Section 1251 et seq.), the Toxic Substances Control Act (“**TSCA**”) (15 U.S.C. Sections 2601-2629), Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), the Carpenter-Presley-Tanner Hazardous Substance Account Law (commonly known as the “**California Superfund**” law) (California Health and Safety Code Sections 25300-25395), Hazardous Waste Control Act (California Health and Safety Code Section 25100 et seq.), Hazardous Materials Release Response

Plans and Inventory Law (commonly known as the “**Business Plan Law**”) (California Health and Safety Code Section 25500 et seq.), Porter-Cologne Water Quality Control Act (California Water Code Section 13000 et seq.), and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as “**Proposition 65**”) (California Health and Safety Code Section 25249.5 et seq.).

In connection with the foregoing release, Buyer expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

BY PLACING ITS INITIALS BELOW, BUYER SPECIFICALLY ACKNOWLEDGES AND CONFIRMS THE VALIDITY OF THE RELEASES MADE ABOVE AND THE FACT THAT BUYER WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THE ABOVE RELEASES.

INITIALS: BUYER: _____

5. CONDITIONS PRECEDENT

5.1 Buyer’s Conditions Precedent

Buyer’s obligation to purchase the Property is conditioned upon Buyer’s review and approval of an updated Title Report, together with copies of the underlying documents.

- (a) Buyer’s review and approval of the Conditions of Title.
- (b) Buyer’s review and approval of the physical condition of the Property.
- (c) Buyer’s review and approval of all zoning, land use, building, environmental and other statutes, rules, or regulations applicable to the Property.

5.2 City’s Condition Precedent

The following are conditions precedent to City’s obligation to sell the Property to Buyer (“**City’s Conditions Precedent**”):

- (a) City’s recording, as City’s expense, of a record of survey or other map as may be required by local agencies.
- (b) Buyer shall have performed all of its obligations pursuant to or in connection with this Agreement and all of Buyer’s representations and warranties shall be true and correct.
- (c) A resolution approving and authorizing the transactions contemplated by this Agreement and finding that the public interest or necessity demands, or will not be inconvenienced by the sale of the Property, shall have been adopted or enacted by City’s Board of Supervisors and Mayor, at their respective sole and absolute discretion.

(d) Title Company shall have agreed to be the real estate reporting person for the Closing in compliance with the Reporting Requirements (defined in Section 6.4 [Title Company as Real Estate Reporting Person] below).

5.3 Failure of City's Conditions Precedent

Each of City's Conditions Precedent are intended solely for the benefit of City. If any City's Conditions Precedent are not satisfied as provided above, City may, at its option, terminate this Agreement. Upon any such termination, neither party shall have any further rights or obligations under this Agreement except as provided in Sections 4.3 [Entry and Indemnity], 8.2 [Brokers], or 10.4 [Authority of Buyer] or as otherwise expressly provided in this Agreement.

6. ESCROW AND CLOSING

6.1 Escrow

Within fourteen (14) days after the Parties execute this Agreement, Buyer and City shall deposit an executed counterpart of this Agreement with the Title Company, and this instrument shall serve as the instructions to the Title Company as the escrow holder for consummation of the purchase and sale contemplated by this Agreement. City and Buyer agree to execute such supplementary escrow instructions as may be appropriate to enable the Title Company to comply with the terms of this Agreement; provided, however, in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement shall control.

6.2 Closing Date

The Closing shall be held, and delivery of all items to be made at the Closing under the terms of this Agreement shall be made, at the offices of the Title Company on or before the date that is no more than thirty (30) days after approval by the SFPUC's Commission and City's Board of Supervisors and Mayor, or such other date and time as Buyer and City may mutually agree upon in writing (the "**Closing Date**"). Such date and time may not be extended without the prior written approval of both City and Buyer.

6.3 Deposit of Documents and Funds

- (a) At or before the Closing, City shall deposit into escrow the following items:
- (i) the duly executed and acknowledged Deed conveying the Property to Buyer subject to the Conditions of Title;
 - (ii) a copy of the letter confirming termination of the existing permit to the City of Sunnyvale for a portion of the Property effective on the Closing Date; and
 - (iii) such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms of this Agreement.
- (b) At or before the Closing, Buyer shall deposit into escrow the following items:
- (i) the funds necessary to close this transaction; and

(ii) such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms of this Agreement.

6.4 Taxes

Any real property taxes and assessments will be prorated as of 12:01 a.m. on the date the Deed is recorded, on the basis of a three hundred sixty-five (365)-day year. City and Buyer hereby agree that if any of the real property taxes and assessments prorations cannot be calculated accurately on the Closing Date, then they will be calculated as soon as reasonably practicable after the Closing Date and either party owing the other party a sum of money based on the subsequent proration(s) will promptly pay that sum to the other party. Regardless of when or whether or not the County of Santa Clara assigns new Assessor Parcel Number(s) (“APNs”) to the Property, Buyer’s obligation to pay real property taxes and assessments on the Property arises as of 12:01 a.m. on the date the Deed is recorded, and Buyer is obligated to pay all taxes from and after that date. Buyer will be responsible for obtaining new APNs from the County of Santa Clara and ensuring Buyer receives tax bills. If City receives a real property tax bill for the Property from the County of Santa Clara, City will not be obligated to forward the same to Buyer.

6.5 Title Company as Real Estate Reporting Person

Section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder (collectively, the “**Reporting Requirements**”) require that certain information be made to the United States Internal Revenue Service, and a statement to be furnished to City, in connection with the Closing. Buyer and City agree that if the Closing occurs, Title Company will be the party responsible for closing the transaction contemplated in this Agreement and is by this Agreement designated as the real estate reporting person (as defined in the Reporting Requirements) for such transaction. Title Company shall perform all duties required of the real estate reporting person for the Closing under the Reporting Requirements, and Buyer and City shall each timely furnish Title Company with any information reasonably requested by Title Company and necessary for the performance of its duties under the Reporting Requirements with respect to the Closing.

7. RISK OF LOSS

7.1 Loss

As stated above, Buyer is in possession and control of the Property under the Permits. Buyer will give City notice of the occurrence of damage or destruction of any portion of the Property, or the commencement of condemnation proceedings affecting. If, as record owner of the Property City receives notice of the commencement of condemnation proceeding affecting the Property, City will notify Buyer. In the event that all or any portion of the Property is condemned, or destroyed or damaged by fire or other casualty prior to the Closing, then Buyer may, at its option to be exercised within ten (10) days of City’s notice of the occurrence of the damage or destruction or the commencement of condemnation proceedings, either terminate this Agreement or consummate the purchase for the full Purchase Price as required by the terms of this Agreement. If Buyer elects to terminate this Agreement or fails to give City notice within such 10-day period that Buyer will proceed with the purchase, then this Agreement shall terminate at the end of such 10-day period, and neither party shall have any further rights or obligations under this Agreement except as provided in Sections 4.3 [Entry and Indemnity], 8.2 [Brokers], or otherwise expressly provided in this Agreement. If Buyer elects to proceed with the purchase of the Property, then upon the Closing, Buyer shall receive a credit against the Purchase Price payable under this Agreement equal to the amount of any insurance proceeds or condemnation awards actually collected by City as a result of any such damage or destruction or condemnation, plus the amount of any insurance deductible, less any sums expended by City toward the restoration or repair of

the Property. If the proceeds or awards have not been collected as of the Closing, then City shall assign such proceeds or awards to Buyer, except to the extent needed to reimburse City for sums expended to collect such proceeds or repair or restore the Property, and Buyer shall not receive any credit against the Purchase Price with respect to such proceeds or awards.

7.2 Self-Insurance

Notwithstanding anything to the contrary above, Buyer acknowledges that City self-insures and shall not be obligated to purchase any third-party commercial liability insurance or property insurance.

8. EXPENSES

8.1 Expenses

Buyer shall pay all escrow fees and recording charges and any other costs and charges of the escrow for the sale and Buyer's policy of title insurance, if any. City shall pay any documentary transfer taxes on the recordation of the Deed, if applicable to the sale, and other seller's closing costs customary in Santa Clara County.

8.2 Brokers

Except as identified below, neither Party has had any contact or dealings regarding the sale of the Property, or any communication in connection with the sale of the Property, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with this Agreement. Accordingly, any such commission or finder's fee, if due, shall be paid pursuant to a separate written agreement between such broker or other person and the Party through which such broker or other person contracted. If any other broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings, or communication, the Party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall indemnify and hold harmless the other Party from any and all Claims incurred by the indemnified Party in defending against the same. The provisions of this Section shall survive any termination of this Agreement.

City acknowledges that: **(a)** prior to the Effective Date, it entered into a written agreement with Colliers International CA, Inc. (the "**Listing Agreement**") that provides for the provision of real estate brokerage services in connection with the marketing and sale of the Property; **(b)** Colliers International CA, Inc. only represents City in connection with the purchase and sale transaction contemplated by this Agreement; and **(c)** City shall be solely responsible for any compensation, commission, or finder's fee payable to Colliers International CA, Inc. pursuant to the Listing Agreement in connection with the purchase transaction contemplated by this Agreement.

9. GENERAL PROVISIONS

9.1 Notices

Any notice, consent, or approval required or permitted to be given under this Agreement shall be in writing and shall be given by **(a)** hand delivery, against receipt, **(b)** reliable next-business-day courier service that provides confirmation of delivery, or **(c)** United States registered or certified mail, postage prepaid, return receipt required, and addressed as follows (or to such other address as either party may from time to time specify in writing to the other upon five (5) days' prior, written notice in the manner provided above):

CITY:

San Francisco Public Utilities Commission
Real Estate Services Division
525 Golden Gate Avenue, 10th Floor
San Francisco, California 94102
Attn: Real Estate Director
Re: Sale of VW Manzano Way
Property

with a copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Real Estate Transactions Team
Re: Sale of VW Manzano Way
Property

BUYER:

Valley Water
Real Estate Services Unit
5750 Almaden Expressway
San Jose, California 95116
Attn: Real Estate Services Unit Manager
Re: Purchase Manzano Way
Property 2010-225

with a copy to:

Valley Water
Clerk of the Board Office
5750 Almaden Expressway
San Jose, California 95116
Attn: Clerk of the Board
Re: Purchase Manzano Way
Property 2010-225

A properly addressed notice transmitted by one of the foregoing methods shall be deemed received upon the confirmed date of delivery, attempted delivery, or rejected delivery, whichever occurs first. Any e-mail addresses, telephone numbers, or facsimile numbers provided by one party to the other shall be for convenience of communication only; neither party may give official or binding notice orally or by e-mail or facsimile. The effective time of a notice shall not be affected by the receipt, prior to receipt of the original, of an oral notice or an e-mail or facsimile copy of the notice.

9.2 Successors and Assigns

This Agreement shall be binding upon, and inure to the benefit of, the parties to this Agreement and their respective successors, heirs, legal representatives, administrators and assigns. Buyer's rights and obligations under this Agreement shall not be assignable without the prior written consent of City; provided, however, even if City approves any such proposed assignment, in no event shall Buyer be released of any of its obligations under this Agreement.

9.3 Amendments

This Agreement may be amended or modified only by a written instrument signed by the Buyer and City.

9.4 Authority of Buyer

Buyer represents and warrants to City that Buyer is a California special district duly organized, validly existing, and in good standing under the laws of the State of California. Buyer further represents and warrants to City that this Agreement and all documents executed by Buyer which are to be delivered to City at Closing: **(a)** are or at the time of Closing will be duly authorized, executed, and delivered by Buyer; **(b)** are or at the time of Closing will be legal, valid, and binding obligations of Buyer; and **(c)** do not and at the time of Closing will not violate any provision of any agreement or judicial order to which Buyer is a party or to which Buyer is subject. Notwithstanding anything to the contrary in this Agreement, the foregoing representations and warranties and any and all other representations and warranties of Buyer contained in this Agreement or in other agreements or documents executed by Buyer in connection herewith, shall survive the Closing Date.

9.5 Buyer's Representations and Warranties

Buyer makes the following representations as of the date of this Agreement and at all times throughout this Agreement:

(a) Buyer is a special district created by the California Legislature, duly organized and validly existing and in good standing under the laws of the jurisdiction in which it was formed. Buyer has duly authorized by all necessary action the execution, delivery, and performance of this Agreement. Buyer has duly executed and delivered this Agreement and this Agreement constitutes a legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with the terms hereof.

(b) Buyer represents and warrants to City that it has not been suspended, disciplined, or disbarred by, or prohibited from contracting with, any federal, state, or local governmental agency. In the event Buyer has been so suspended, disbarred, disciplined, or prohibited from contracting with any governmental agency, it shall immediately notify City of same and the reasons therefore together with any relevant facts or information requested by City. Any such suspension, debarment, discipline, or prohibition may result in the termination or suspension of this Agreement.

(c) No document or instrument furnished or to be furnished by the Buyer to City in connection with this Agreement contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading, under the circumstances under which any such statement shall have been made.

9.6 Governing Law

This Agreement shall be governed by, subject to, and construed in accordance with the laws of the State of California and City's Charter and Administrative Code.

9.7 Merger of Prior Agreements

This Agreement, together with the exhibits attached to this Agreement, contain any and all representations, warranties, and covenants made by Buyer and City and constitutes the entire understanding between the Parties to this Agreement with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements are replaced in total by this Agreement together with the exhibits attached to this Agreement.

9.8 Parties and Their Agents

The term "**Buyer**" as used in this Agreement shall include the plural as well as the singular. If Buyer consists of more than one individual or entity, then the obligations under this Agreement imposed on Buyer shall be joint and several. As used in this Agreement, the term "**Agents**" when used with respect to either party shall include the agents, employees, officers, contractors, and representatives of such party.

9.9 Interpretation of Agreement

The article, section, and other headings of this Agreement and the table of contents are for convenience of reference only and shall not affect the meaning or interpretation of any provision contained in this Agreement. Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa, and each gender reference shall be deemed to include the other and the neuter. Use of the word "including" or similar words shall not be construed to limit any general term, statement, or other matter in this Agreement, whether or not language of non-limitation, such as "without limitation" or similar words, are used. This Agreement has been

negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Agreement. In addition, each Party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purposes of the Parties and this Agreement.

9.10 Attorneys' Fees

If either party hereto fails to perform any of its respective obligations under this Agreement or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default or in enforcing or establishing its rights under this Agreement, including, without limitation, court costs and reasonable attorneys' fees and disbursements. For purposes of this Agreement, the reasonable fees of attorneys of the Office of the City Attorney of the City and County of San Francisco shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office.

9.11 Time of Essence

Time is of the essence with respect to the performance of the parties' respective obligations contained in this Agreement.

9.12 No Merger

The obligations contained in this Agreement shall not merge with the transfer of title to the Property but shall remain in effect until fulfilled.

9.13 Non-Liability of City Officials, Employees and Agents

Notwithstanding anything to the contrary in this Agreement, no elective or appointive board, commission, member, officer, employee, or agent of City shall be personally liable to Buyer, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Buyer, its successors and assigns, or for any obligation of City under this Agreement.

9.14 Sunshine Ordinance

Buyer understands and agrees that under City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to City under this Agreement are public records subject to public disclosure. Buyer by this Agreement acknowledges that City may disclose any records, information and materials submitted to City in connection with this Agreement.

9.15 No Recording

Neither this Agreement nor any memorandum or short form thereof may be recorded by Buyer.

9.16 Effective Date

As used in this Agreement, the term “**Effective Date**” shall mean the date on which both parties shall have executed this Agreement provided the Agreement and the transactions contemplated by the Agreement shall have been authorized **(a)** in a manner required by law governing Buyer, **(b)** by a duly adopted resolution of the SFPUC, and **(c)** if required by City’s Charter, a duly adopted resolution of City’s Board of Supervisors and Mayor.

9.17 Severability

If any provision of this Agreement or the application thereof to any person, entity or circumstance shall be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Agreement without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Agreement.

9.18 Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

9.19 Cooperative Drafting.

This Agreement has been drafted through a cooperative effort of the Parties, and the Parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, BUYER ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL AN ORDINANCE OF CITY’S BOARD OF SUPERVISORS SHALL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY UNDER THIS AGREEMENT ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH AN ORDINANCE, AND THIS AGREEMENT SHALL BE NULL AND VOID IF CITY’S BOARD OF SUPERVISORS AND MAYOR DO NOT APPROVE THIS AGREEMENT IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH ORDINANCE WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

[SIGNATURES ON FOLLOWING PAGE]

The parties have duly executed this Agreement as of the respective dates written below.

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

BUYER:

SANTA CLARA VALLEY WATER
DISTRICT, a Special District, created by the
California Legislature

By:

Dennis J. Herrera
General Manager
San Francisco Public Utilities Commission

By:

Rick L. Callender, Esq.
Chief Executive Officer

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

APPROVED AS TO FORM:

By:

Shari Geller Diamant
Deputy City Attorney

By:

Joseph D. Aranda
Assistant District Counsel

EXHIBIT A

Legal Description of Real Property

All that certain real property located in the City of Sunnyvale, County of Santa Clara, State of California, described as follows:

Being a portion of the lands described in the Deed in favor of the City and County of San Francisco, Recorded June 15, 1950, in Book 1998 at Page 64 (Document Number 644174), Official Records of Santa Clara County, being a portion of the NE ¼ of Section 20, Township 6 South, Range 1 West, Mt. Diablo Base & Meridian (hereinafter referred to as "Sec. 20, T. 6S., R. 1W, MDB & M"), said real property also being a portion of Parcel 2 of the Certificate of Compliance Recorded February 1, 2019, Document No. 24108184, Official Records of Santa Clara County, more particularly described as follows:

Commencing at the most Northwesterly corner of Lot 1429 as depicted on the Map Entitled "Tract No. 2010, Lakewood Village No. 5", Recorded December 18, 1957 in Book 89, Pages 16, 17 & 18 of Maps, Santa Clara, County Records, said point also being on the Southerly line of said Parcel 2 Document No. 24108184, thence along said Southerly line, North 89° 34' 00" East, a distance of 95.48 feet to the point of beginning, said point being the most Northeasterly corner of Lot 1429 as depicted on said Tract Map.

Thence leaving said Southerly line, entering into said Parcel 2 Document No. 24108184, North 00° 00' 35" East, a distance of 183.82 feet to a point on the Northwesterly line of said Parcel 2 Document No. 24108184;

Thence along said Northwesterly line, said line being common with the Southerly line of the 80' City and County of San Francisco Lands as depicted in the above-mentioned Tract Map, North 77° 26' 30" East, a distance of 58.91 feet to a point on said Northwesterly line, said point also being on the Section 20/21 line (Township 6 South, Range 1 West, Mount Diablo Base & Meridian) as depicted on the above mentioned Tract Map;

Thence along said section line, South 00° 00' 35" West, a distance of 196.19 feet to a point on the Southerly line of said Parcel 2 (Doc. No. 24108184);

Thence along said Southerly line, South 89° 34' 00" West, a distance of 57.50 feet to the point of beginning;

Said Land also being known as Parcel 3, pursuant to that certain Certificate of Compliance on filed with the City of Sunnyvale, and recorded May 28, 2019 as Document No. 24190421, Official Records of said County.

APN: 104-28-066

EXHIBIT B

Depiction of Real Property

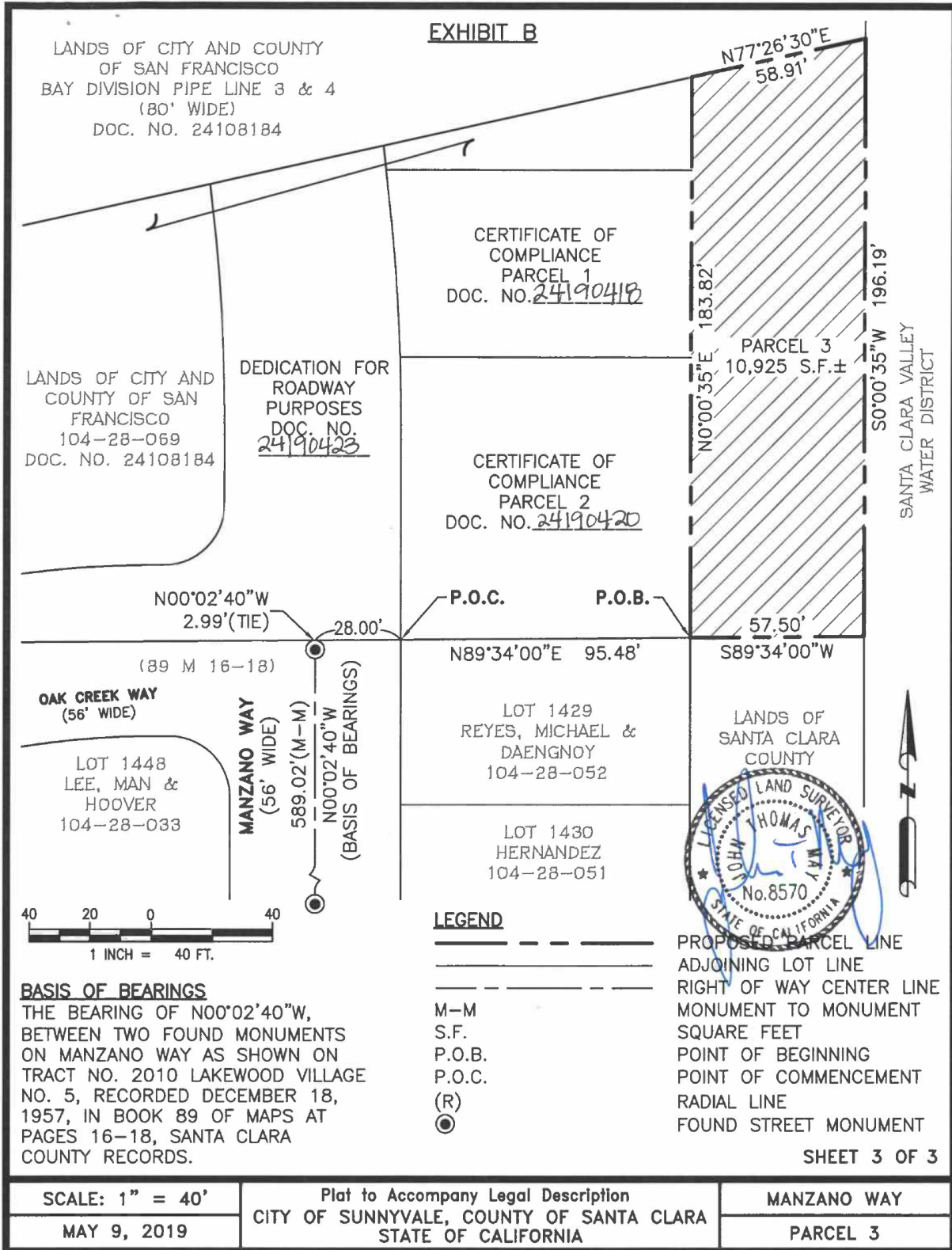


EXHIBIT C

Quitclaim Deed

RECORDING REQUESTED BY,
AND WHEN RECORDED RETURN TO:

City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property

WITH A CONFORMED COPY TO:

San Francisco Public Utilities Commission
525 Golden Gate Avenue, 10th Floor
San Francisco, California 94102
Attn: Real Estate Director

MAIL TAX STATEMENTS TO:

Valley Water
Real Estate Services Unit
5750 Almaden Expressway
San Jose, California 95116
Attn: RESU Manager 2010-225

Exempt from Recording Fees under CA Gov't Code Section 27383.
Conveyance is exempt from Documentary Transfer Tax under
Santa Clara County Code Section A30-36.

APN: 104-28-066
2010-225

(Space above this line reserved for Recorder's use only)

**QUITCLAIM DEED
(portion of Assessor's Parcel No. 104-28-066)**

FOR VALUABLE CONSIDERATION, receipt and adequacy of which are hereby acknowledged, the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, pursuant to Ordinance No. _____, adopted by the Board of Supervisors on _____, 20__, and approved by the Mayor on _____, 20__, hereby **RELEASES, REMISES AND QUITCLAIMS** to SANTA CLARA VALLEY WATER DISTRICT, a Special District, created by the California Legislature, any and all right, title and interest City may have in and to the real property located in the City of Sunnyvale, County of Santa Clara, State of California, described on the attached **Exhibit A** and made a part of this quitclaim deed.

[SIGNATURES ON FOLLOWING PAGES]

Executed as of this _____ day of _____, 20__.

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

DESCRIPTION CHECKED/APPROVED:

By: _____
R. Edward Peterson
Chief Surveyor

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)
) ss
County of _____)

On _____, before me, _____, a notary public in and for said State, 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 he/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)

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 22-0070

WHEREAS, The City and County of San Francisco (City) owns approximately 10,925 square feet of real property designated as portions of Santa Clara County Assessor's Parcel No. 104-28-066 in Sunnyvale, California (Property, identified as Parcel 3); and

WHEREAS, A portion of the Property is improved with a concrete ramp structure that is a segment of a pedestrian/bicycle trail and also contains a segment of the Santa Clara Valley Water District's (Valley Water) service road extending north and south providing access to Valley Water facilities; and

WHEREAS, The SFPUC proposes to sell the Property to raise needed funds for the SFPUC's Water Enterprise. The SFPUC executed a statement of underutilization for the Property, dated December 18, 2015, signed by the Assistant General Managers of the Water, Wastewater, and Power Enterprises; and

WHEREAS, The Property is "surplus land," as defined in California Government Code Section 54221(b), because it is owned in fee simple by City and not necessary for City's use; and

WHEREAS, The Property is "exempt surplus land," as defined in California Government Code Section 54221(f)(1)(D), because it is surplus land that City is transferring to another local agency for the agency's use; and

WHEREAS, Under Section 23.3 of the Administrative Code, the City may convey the Property to Valley Water without a competitive bidding process if the Board of Supervisors determines that a competitive process "is impractical, impossible, or is otherwise not in the public interest;" and

WHEREAS, In this case, a competitive bidding process is impractical and otherwise not in the public interest because the sale of the Property to Valley Water will avoid the expense, time, effort, and risk of eminent domain litigation where Valley Water intends to continue use of Parcel 3 for Valley Water's district purposes, including accessing their nearby facilities and the SFPUC does not wish to continue owning and licensing property that it does not require for its operations; and

WHEREAS, As of February 25, 2021, a City-retained MAI appraiser, Clifford Advisory, LLC, valued the Property at \$33,000, and City's Director of Property approved the appraisal on May 26, 2021. As of December 20, 2021, Clifford Advisory, LLC, issued an Appraisal Update Report confirming that the value of Parcel 3 has not changed. On January 19, 2022, City's Director of Property approved the Appraisal Update Report; and

WHEREAS, Valley Water has agreed to purchase the Property for \$33,000 pursuant to the terms of the Agreement for Sale of Real Estate (Sale Agreement); and

WHEREAS, The City, through the SFPUC, will sell the Property to Valley Water on an “as is-where is basis;” and

WHEREAS, This sale of surplus property by the SFPUC does not constitute a project under California Environmental Quality Act (CEQA) Guidelines Section 15378 because there would be no physical change in the environment.; now, therefore, be it

RESOLVED, That this Commission hereby declares the Property surplus to the SFPUC’s utility needs in accordance with Section 8B.121(e) of the City Charter; and, be it

FURTHER RESOLVED, That this Commission finds, in consideration of the foregoing, that the Property is “surplus land”, as defined in California Government Code Section 54221(b) because it is owned in fee simple by City and not necessary for City’s use; and, be it

FURTHER RESOLVED, That this Commission finds, in consideration of the foregoing, that the Property is “exempt surplus land” as defined in Government Code Section 54221(f)(1)(D) because it is surplus land that City is transferring to another local agency for that local agency’s use; and, be it

FURTHER RESOLVED, That this Commission asks the Board of Supervisors to determine, in accordance with Section 23.3 of the Administrative Code, that a competitive bidding process is impractical and otherwise not in the public interest because the sale of the Property to Valley Water will avoid the expense, time, effort, and risk of eminent domain litigation where Valley Water intends to continue use of Parcel 3 for Valley Water’s district purposes, including accessing their nearby facilities and the SFPUC does not wish to continue owning and licensing property that it does not require for its operations; and, be it

FURTHER RESOLVED, That this Commission hereby approves the terms and conditions of the Sale Agreement; and, be it

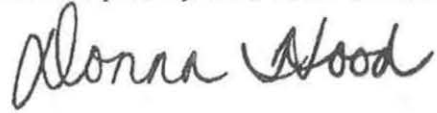
FURTHER RESOLVED, That this Commission hereby authorizes the SFPUC General Manager to execute the Sale Agreement upon approval from the Board of Supervisors and Mayor; and, be it

FURTHER RESOLVED, That this Commission hereby ratifies, approves, and authorizes all actions heretofore taken by any City official in connection with the Sale Agreement; and, be it

FURTHER RESOLVED, That, upon approval by City’s Board of Supervisors and the Mayor, this Commission authorizes and directs City’s Director of Property to execute the quitclaim deed to Valley Water; and be it

FURTHER RESOLVED, That this Commission hereby authorizes the City’s Director of Property and/or the SFPUC General Manager to enter into any amendments or modifications to the Sale Agreement, including without limitation, the exhibits, that City’s Director of Property and/or the General Manager determines, in consultation with the City Attorney, are in the best interests of City; do not materially increase the obligations or liabilities of City; are necessary or advisable to effectuate the purposes and intent of the Sale Agreement or this resolution; and are in compliance with all applicable laws, including the City Charter.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of April 12, 2022.

A handwritten signature in cursive script that reads "Alonna Wood".

Secretary, Public Utilities Commission



CLIFFORD
ADVISORY
LLC

Real Estate Valuation ■ Arbitration

APPRAISAL UPDATE REPORT
Fair Market Value

Limited Utility Parcel
Parcel 3 – 10,925 SF

Manzano Way
Portion of Assessor's Parcel Number
104-28-066 and 104-28-069
Sunnyvale, CA

Prepared For
Santa Clara Valley Water District

February 2021

John C. Clifford, MAI



CLIFFORD
ADVISORY
LLC

Real Estate Valuation

February 25, 2021

Mr. RAHN K. SPRINGER, SR/WA
ASSOCIATE REAL ESTATE AGENT
Real Estate Services Unit
Santa Clara Valley Water District
5750 Almaden Expressway, San Jose CA 95118
Tel. (408) 630-3054

RE: Appraisal Update Report
Limited Utility Parcel
Parcel 3 – 10,925 SF
Manzano Way
Portion of Assessor's Parcel Number
104-28-066 and 104-28-069
Sunnyvale, CA

Mr. Springer,

Subsequent to your request and authorization, I have completed an appraisal to estimate the Fair Market Value of a limited utility parcel. The subject is identified as **Parcel 3** that contains 10,925 SF and is also slightly irregular but generally rectangular in shape. The subject parcel has not been assigned a street address but it is otherwise oriented inbound from the east side of the street between 1130 and 1209 Manzano Way, in Sunnyvale's Lakewood subdivision district. Parcel 3 adjoins the concrete flood control wall on east bank of Calabazas Creek but is not within stream channel. Parcel 3 is a remnant parcel that consists of land on the west bank of Calabazas Creek, and a portion is improved with a concrete ramp structure that is a segment of a pedestrian/bicycle trail. The ramp provides access to a bridge that crosses the creek to connect with a trail on the opposite side of the creek in the city of Santa Clara. The concrete ramp is elevated and allows public use that significantly inhibits typical privacy for residential use of neighboring Parcels 1 and 2, described later in the report. A segment of a Santa Clara Valley Water District service road is located on the property and the service road extends both north and south from the subject property. Parcel 3 is rendered unbuildable by lack of access. The Highest and Best Use of the subject Parcel 3 is for continuation of its limited utility use.

The property is the subject of a Complete Appraisal dated September 15, 2019, prepared by John C. Clifford, MAI. This update appraisal report is to investigate and summarize prevailing market conditions, note relevant market activity and conclude a current value estimate consistent with Hypothetical Conditions and Extraordinary Assumptions relied upon for the 2019 valuation. However, for the update, one other Extraordinary Assumption is noted. The user is directed to the Extraordinary Assumption related to the impact of the Covid-19 Pandemic appearing on page 2, and as well it's possession and their review of the prior 2019 Complete Appraisal Report, that presents a detailed description of the site, its Highest and Best Use and its competitive market appeal. This Appraisal Update report is not intended to duplicate the contents of the September 2019 Appraisal Report, but to address pertinent factors and market conditions deemed to influence market value as of a current effective date of value on February 25, 2021.

In order to appraise the property, I have completed an inspection of the subject property, and observed trends of land uses in the area. In addition, the appraiser investigated and analyzed comparable land sales for similar

properties. Based upon the analysis presented herein the estimated Fair Market Value for the subject properties, as of February 25, 2021 is:

Parcel 3


THIRTY THREE THOUSAND DOLLARS

\$ 33,000

The narrative report contains 20 pages plus the addenda. The valuation stated herein is subject to the conditions and assumptions stated on the following pages. The valuation and report is intended to conform to the Uniform Standards of Professional Appraisal Practice (USPAP). Further, the appraisal is subject to the requirements of the Code of Ethics and the Standards of Professional Conduct of the Appraisal Institute.

Respectfully submitted,

CLIFFORD ADVISORY, LLC



John C. Clifford, MAI
SCGREA Certificate No. AG007177

I. INTRODUCTION

A. Appraisal Problem

The intended use of the appraisal is to estimate the Fair Market Value of a limited utility parcel. The subject is identified as **Parcel 3** that contains 10,925 SF and is also slightly irregular but generally rectangular in shape. Parcel 3 adjoins the concrete flood control wall on east bank of Calabazas Creek but is not within stream channel. Parcel 3 is a remnant parcel that consists of land on the west bank of Calabazas Creek, and a portion is improved with a concrete ramp structure that is a segment of a pedestrian/bicycle trail. The ramp provides access to a bridge that crosses the creek to connect with a trail on the opposite side of the creek in the city of Santa Clara. The concrete ramp is elevated and allows public use that significantly inhibits typical privacy for residential use of neighboring Parcels 1 and 2, described later in the report. A segment of a Santa Clara Valley Water District service road is located on the property and the service road extends both north and south from the subject property. Parcel 3 is rendered unbuildable by lack of access. The Highest and Best Use of the subject Parcel 3 is for continuation of its limited utility use. The subject parcel has not been assigned a street address but it is otherwise oriented inbound from the east side of the street between 1130 and 1209 Manzano Way, in Sunnyvale's Lakewood subdivision district.

The property is the subject of a Complete Appraisal dated September 15, 2019, prepared by John C. Clifford, MAI for the current owner (City & County of San Francisco, by and through its Public Utilities Commission Real Estate Division). The 2019 appraisal also included adjoining Parcels identified as Parcel 1 and Parcel 2. This update appraisal report pertains only to Parcel 3 and is to investigate and summarize prevailing market conditions, note relevant market activity and conclude a current value estimate consistent with Hypothetical Conditions and Extraordinary Assumptions relied upon for the 2019 valuation. However, for the update, one other Extraordinary Assumption is noted. The user is directed to the Extraordinary Assumption related to the impact of the Covid-19 Pandemic appearing on page 2, and as well it's possession and their review of the prior 2019 Complete Appraisal Report, that presents a detailed description of the site, its Highest and Best Use and its competitive market appeal. This Appraisal Update report is not intended to duplicate the contents of the September 2019 Appraisal Report, but to address pertinent factors and market conditions deemed to influence market value as of a current effective date of value on February 25, 2021.

Please refer to **Exhibit A** in the neighborhood description for an illustration of the subject property and abutting uses that include reference to its impact privacy on Parcels 1 and 2. As noted above referring to **Exhibit C** Parcels 1 and 2 are level and served by public utilities and street improvements. Parcel 1 abuts the remnant parcel (#4) to the north that provides access to the Parcel 3 improved with the concrete ramp and linkage to public trail access for pedestrian and bike trail use per existing legacy permits.

B. Property Inspection Data

John C. Clifford, MAI performed an exterior inspection of the subject last on February 25, 2021. The surrounding neighborhood and comparable properties utilized in the analysis were also inspected.

C. Scope of Appraisal Development and Reporting Process

The appraisal is being prepared in accordance with the *Uniform Standards of Professional Appraisal Practice*.

The reporting format of this document is referred to as an Appraisal Report, in accordance with the requirements identified in Standard Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice*. It is intended to provide a summary overview of the Subject property, substantive valuation issues, and data relied upon in the formation of an opinion of Market Value. Additional supporting documentation and analyses, as appropriate, are retained in the appraiser's file.

The scope of inspection consisted of offsite and on-site site observation by John C. Clifford, MAI on several occasions but last on February 25, 2021, that serves as the effective date of value.

The *scope of comparative data verification* included a review of county recording data and online services such as CoStar. Each comparable sale or rental property transaction was viewed and photographed by the appraiser. Verifications of sales with either principals or brokers were made. The comparables cited herein should be construed as being a pertinent sampling, which were selected based upon physical and location similarities relative to the subject property and the credibility of the data.

The physical and transaction data cited have been developed from sources that are assumed to be accurate. In California, the specific terms of sale are not required to be disclosed. Accordingly, circumstances may arise wherein this type of data may not be available. The quality and extent of the verification process should be carefully considered by the reader/client when forming an opinion as to the credibility of the individual comparables, as well as the cumulative database.

The geographic scope of research was basically focused on the aforementioned prescribed neighborhood boundaries in the city of San Francisco.

The following scope of resources was used in the development of the Fair Market Value opinion expressed herein. The appraiser has developed a physical profile of the Subject property based upon a personal inspection, combined with information provided by the city planning files and supplemented by owner's or property management data

Sources used in the process of analyzing the property included

- On-site inspection
- Assessor's maps, FEMA flood maps, aerial photographs and other illustrations
- Zoning and General Plan maps and ordinances for City of Sunnyvale

Sources used in the process of estimating value for the subject included:

- CoStar Comps, Inc.
- Assessor's records
- Confirmation of sales with brokers and principals

In preparing this appraisal, the appraiser inspected the subject site and applied market data in a Sales Comparison Approach.

D. Report Format

1. *Appraisal Report*

This is appraisal report that intends to comply with the reporting requirements were forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it presents summary discussions of the data, reasoning and analyses used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

E. Competency Provision

The appraiser possesses the knowledge and required ability to appraise the subject property, and has appraised this property type before both within its competitive market area and in other San Francisco Bay Area locations. Please refer to the Addenda for a summary of the appraiser's experience.

F. Intended Use and Users of the Appraisal Report

The contents and conclusions presented in this report are prepared for the exclusive use of the Santa Clara Valley Water District. The valuation is intended to assist the Santa Clara Valley Water District and the current owner in establishing the Fair Market Value for the property for purposes of potential ownership transfer. It is the client's responsibility to read this report and to inform the appraiser of any errors or omissions of which the client is aware prior to utilizing this report or making it available to any third party. No duplication is permitted without the written authorization of John C. Clifford, MAI. Please refer to Item 18 of the Assumptions and Standard Limiting Conditions for further clarification.

G. Valuation Subject To Hypothetical Conditions and Extraordinary Assumptions

The value estimate is made as of a current date under major assumptions that are relied upon for the valuation of the subject property. These may include hypothetical conditions and extraordinary assumptions that have been made for the purpose of this analysis as defined by USPAP. The definitions are provided below.

HYPOTHETICAL CONDITION: that which is contrary to what exists, but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about the physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions, trends, or the integrity of data used in an analysis.

EXTRAORDINARY ASSUMPTION: Extraordinary assumptions presume as fact otherwise uncertain information about the physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of the data used in an analysis.

The hypothetical conditions and extraordinary assumptions are:

1. The property is the subject of an Appraisal Report dated September 15, 2019, prepared by John C. Clifford, MAI for the current owner (City & County of San Francisco, by and through its Public Utilities Commission Real Estate Division). Upon approval and release of the current owner, it is assumed and understood the users of this Update Report have obtained and reviewed a complete copy of the 2019 appraisal report, that presents a detailed description of the site and its competitive market appeal. This update report is not intended to duplicate the content of the September 2019 Appraisal Report¹, but to address pertinent factors and market conditions deemed to influence market value as of a current effective date of value on February 25, 2021.
2. The property is not impacted by any detrimental environmental conditions. The assumption applies to the actual physical condition of the subject property as well for the update analysis, but further commentary is warranted that relates to detrimental environmental conditions impacting market conditions. Subsequent to the September 2019 appraisal the onset of the Covid-19 Pandemic arrived in March 2020. The Covid-19 Pandemic has interrupted economic stability, jobs dislocation, and prevailing market demand and related development activity.

The client and intended users are advised that the Covid-19 Pandemic is causing unprecedented chaos, volatility and uncertainty in the market and it is yet difficult to predict what impact it will have on the overall U.S. economy, state economy, local economy and real estate values in general. Ultimately, the impact will depend on the lag in the health care industries' response and development of effective vaccines and treatment therapies. Reports of progress on the release and distribution of two vaccines have raised optimism, but manufacturing, logistical distribution and widespread availability will likely not occur until

¹ Required USPAP reporting information regarding Appraisal Standards, Definition of Market Value, Property Rights Appraised, Current Property Condition and Inspection / Date of Value, Competency, Scope of Development and Reporting Process and other data is presented in the 2019 Complete Appraisal Report that must be relied upon with this Appraisal Update report in order to comply with USPAP.

Spring 2021 at the very earliest and could be delayed even longer. Among the many manifestations this has led to market volatility. These times have been made even more interesting property valuations when there are limited to no comparable evidence and all markets are facing an uncertain future. Such is the case in Truckee as the dearth of comparable land sales activity provides little evidence of emerging trends and their impact beyond a limited term. One of the main issues when dealing with valuation uncertainty is that a valuation is not a fact, but it is an estimate of the most probable of a range of possible outcomes based on the assumptions made in the valuation process. If the valuation date coincides with economic or political crises or immediately follows such an event, significant valuation uncertainty arises because the only inputs and metrics available for the valuation are likely to relate to the market before the event occurred and therefore have limited relevance to the situation on the valuation date. The impact of the event on the attitude of market participants, and therefore prices, will not be known during its immediate aftermath. Because of this, uncertainty caused by market disruption is rarely quantifiable.

A lack of relevant input data can cause valuation uncertainty. This may be due to market disruption as described above but may also be due to the assets being unique or because the market for the asset is normally illiquid. Where there is a lack of relevant market data, there may be a need to extrapolate inputs from directly observable prices for similar assets, or to rely on unobservable inputs. These are inputs for which market data are not available but that can be developed using the best information available about the assumptions that market participants would use when pricing the asset. The use of unobservable inputs can be a source of uncertainty because of the difficulty of finding objective evidence to support either the adjustments or the assumptions made. The existence of significant uncertainty does not mean a valuation cannot be undertaken, but it does mean that significant assumptions within the valuation approach and methodology should be disclosed within the valuation report.

H. Definition of Fair Market Value

Market Value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by federal financial institutions in the United States of America is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in the definition is the consummation of a sale of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and each acting in what they consider their own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.

The price represents a normal consideration for the property sold unaffected by special financing or creative financing or sales concessions granted by anyone associated with the sale.

Source: (OCC 12 CFR 34.42 (g)) (OTS 12 CFR, Part 564.2 (g))

I. Exposure Time

Exposure time is the appraiser's opinion of the amount of time the subject property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It answers the question, "how long would this property have been offered on the market before it would have as of the effective date of value?" Exposure Time is distinguished from the marketing period. The marketing period is the estimated time that it would take to consummate the sale after the effective date of the appraisal. Market sales and conversations with brokers have indicated that properly priced limited utility sites would require a 6 to 12-month

marketing periods. Given the current market environment, balanced by the appeal of the subject's location, a 6-12 month marketing and exposure period is concluded.

J. Property Rights Appraised

The primary purpose of the appraisal is to estimate the Fair Market Value of the Fee Simple Interest in the subject property as described herein. Fee Simple is defined by the Appraisal Institute as an absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate.

K. Property Condition

AS IS MARKET VALUE refers to an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications on the date of inspection.

In the case of the subject property it refers to Parcel 3 that contains 10,925 SF and it is also slightly irregular but generally rectangular in shape. Parcel 3 adjoins the concrete flood control wall on east bank of Calabazas Creek but not within stream channel. A portion is improved with a concrete ramp structure that is a segment of a pedestrian/bicycle trail. The ramp provides access to a bridge that crosses the creek to connect with a trail on the opposite side of the creek in the city of Santa Clara. The concrete ramp is elevated and allows public use that significantly inhibits typical privacy for residential use of the adjoining Parcels 1 and 2 (discussed in the 2019 report and again later in this update report). A segment of a Santa Clara Valley Water District service road is located on the property and the service road extends both north and south from the subject property. Parcel 3 is rendered unbuildable by lack of access.

L. Ownership History

Ownership of the subject property is vested in the name the City and County of San Francisco, a municipal corporation. No ownership transfers are noted over the past 3-years. However, it is understood the ownership representatives and Santa Clara Valley Water District are proposing to enter into a purchase and sales agreement at this time based on the 2019 appraisal and this current update.

M. Title and Legal

A preliminary title report dated December 16, 2016 was provided for use in the appraisal. An updated title report that would reflect the current configuration of title property as Parcels 1, 2 and 3 was provided. The 2016 title report appears to apply only to APN 104-28-066 as it existed before subsequent parcel splits. The title report indicates that title to the fee interest is vested in the City and County of San Francisco, a municipal corporation. Public records show no sales during the three-year or five-year period preceding the effective date of the appraisal.

Easements/Encroachments/Restrictions

No obvious atypical easements or encroachments were noted during the inspection and the appraisal assumes that there are none.

Among other exceptions, the title report cites the following:

- Exception 4. Rights of the public to any portion of the land lying within the area commonly known as Manzano Way.
- Exception 6. Notes, recitals and legends as shown on the Map of Tract No. 2010, Lakewood Village No. 5, filed December 18, 1957, in Map Book 89 at Pages 16 through 18, inclusive, Santa Clara County Records.

The preliminary title report appears to reveal and it is assumed there exist no adverse easements or encumbrances noted or observed by the appraiser that would have a detrimental effect on the utility, marketability or value of the subject property, other than as addressed herein. Unless otherwise noted, it is assumed there exist no conditions of title that would have a detrimental effect on the utility, marketability or value of the subject property, other than as addressed herein. Please refer to Item 2 of the appraisal Assumptions and Limiting Conditions.

Legal descriptions for the subject parcels are included in the addenda of the report.

II. PROPERTY DESCRIPTION

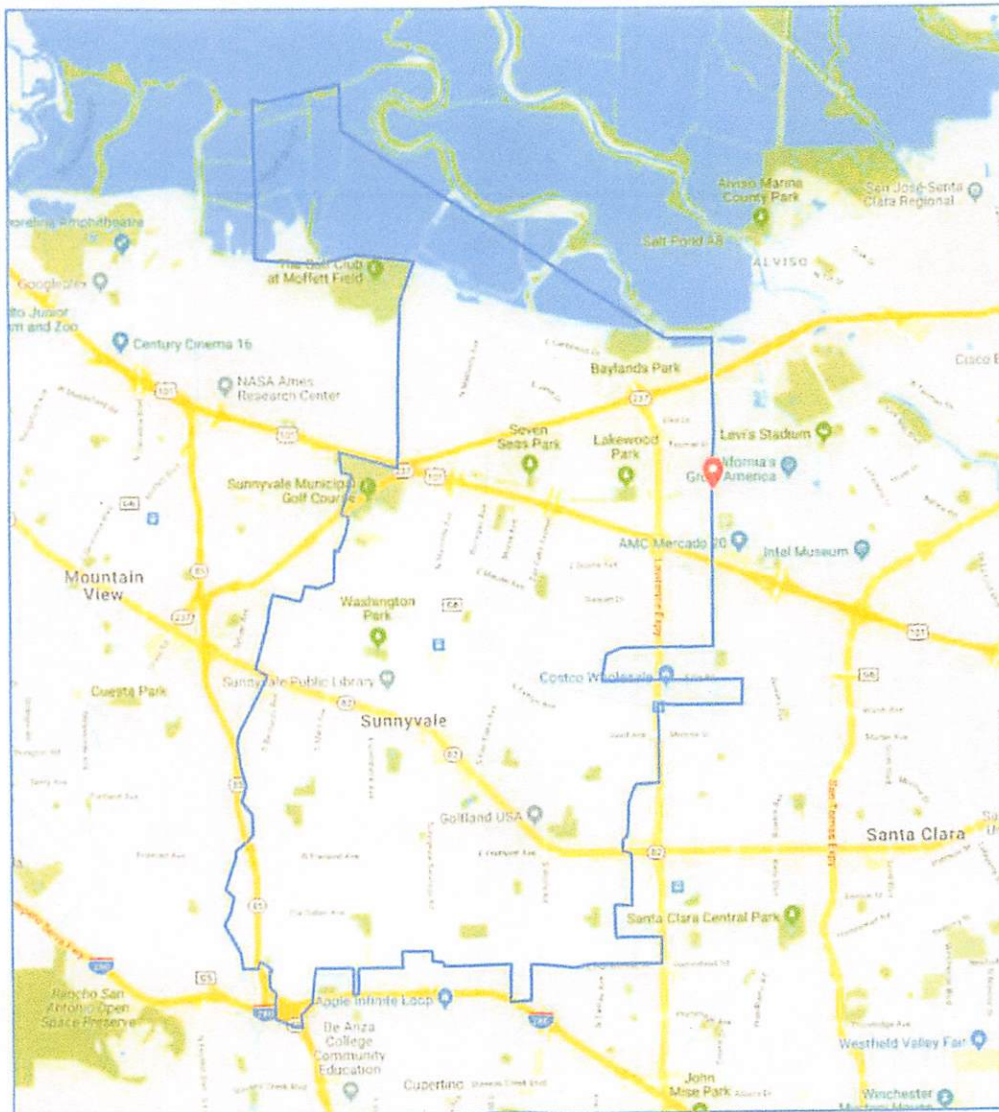
A. City Description

The subject property is located in the Sunnyvale jurisdiction of Santa Clara County. The county is situated at the southern end of San Francisco Bay. It has a land area of approximately 1,300 square miles. Santa Clara County is the largest component of the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA). It is the most populous county in the Bay Area, with a population of 1.782 million at the time of the 2010 census. Through 2030, ABAG projects a population increase to 2.189 million. This would equate to total growth of 22.8% over the twenty-year period and average annual growth of 1.03%. The county is at the heart of the Bay Area's highway transportation system. It is served by numerous freeways with ready access to international airports in San Jose, San Francisco and Oakland. Union Pacific Railroad provides freight rail service and Amtrak provide long-distance passenger rail service, while Caltrain, the Capitol Corridor and the Altamont Express provide rail service to San Francisco, Sacramento and the Central Valley, respectively. Finally, a BART extension now under construction will connect the county to the region's largest commuter rail network. Despite these positives, the county's transportation infrastructure has not kept pace with its population and job growth. The frequent result is long rush hours and a commute ranked among the worst in the nation.

Sunnyvale is located in the South Bay subregion of the San Francisco Bay Area, an area generally referred to as Silicon Valley. The city has an area of ± 24 square miles, comprised almost entirely of land. Sunnyvale is mostly urbanized. The transportation linkages are excellent. Sunnyvale is crossed by several freeways including US 101, 1-280 and State Route 237 (SR 237). Caltrain provides commuter rail service, with a downtown stop at Sw1.11yvale Station. Caltrain also provides connections to regional and long-distance rail services, including Amtrak and the Capitol Corridor. Santa Clara Valley Transportation Authority (VTA) provides bus and light rail service and Union Pacific Railroad provides limited freight service. Three nearby international airports - in San Jose, San Francisco and Oakland - provide scheduled passenger and air freight service, with flights to hundreds of domestic and international destinations. Moffett Field hosts a number of private and government users; it also forms part of the city's westerly boundary. Other smaller general aviation airports are located in Palo Alto, San Carlos and San Jose. The city's population at the time of the 2010 Census was 140,081. ABAG projected that it would increase to 174,700 through 2030, for overall growth of 24.7% and average annual growth of 1.11%.

The U.S. Census Bureau estimated that the city's job base would grow from 74,810 in 2010 to 90,160 in 2030, an increase of 20.5% over twenty years and average annual growth of 0.94%. Because the number of jobs is projected to grow more slowly than the number of employed residents, the jobs-to-employed-residents ratio is expected to fall from 1.10 in 2010 to 1.01 in 2030. The top three industry segments in 2016 were: Professional, scientific, management, administrative and waste management; Educational services, health care and social assistance; and lastly, Manufacturing. Together, they accounted for nearly 63% of total industry employment. Consistent with the white-collar bent of the job base, the lion's share of residents are employed in Management, business, science and arts occupations. Because tech jobs pay well, incomes are relatively high. In 2016, the Census Bureau estimated the city's median household income at \$109,799, its mean household income at \$139,953, and its per capita income at \$53,133. Compared to the same metrics for the county, the city had a median household income 9% higher, a mean household income 4% higher, and a per capita income 15% higher. For December 2018, the state Employment Development Department (EDD) estimated the city's civilian labor force at 91,200, with total employment of 89,400. The labor force grew by 3,000 persons year-over-year (YOY), while the number of employed persons increased by 3,200. The December 2018 unemployment rate was 1.9%, a drop of 40 basis points YOY. Referring to earlier ABAG projections, EDD figures indicate that the number of employed residents already exceed ABAG projections for 2030. At its current low level, the city's unemployment rate is considered more-or-less equivalent to full employment.

CITY OF SUNNYVALE



City Location Map

Blue border: City of Sunnyvale boundary
Red icon: Subject property

B. Neighborhood

The subject is located in Lakewood Village subdivision. The neighborhood is predominantly single family residential with commercial uses localized around the intersection of Lawrence Expressway and Lakehaven Drive. Lawrence Expressway is a major surface arterial that bisects the neighborhood into distinct east and west portions, with a freeway interchange less than one-half mile north at SR 237 and an interchange at US 101 at the neighborhood's southerly edge. The subject is in the easterly portion of the neighborhood. Internal streets are all local. VTA bus service is available on Lawrence Expressway and light rail service is available on Tasman Road a short distance to the north of the neighborhood.

The Lakewood subdivision dates to the late-1950s and it contains $\pm 1,600$ homes. The neighborhood is situated in the northeastern portion of the city of Sunnyvale. The approximate neighborhood boundaries are described Casa de Amigos and Adobe Wells mobile home parks to the north; the Bayshore Freeway (US 101) to the south; the Sunnyvale East flood control channel to the West and Calabazas Creek and City of Santa Clara to the East.

With respect to the subject in particular, it is noted the Calabazas Creek that borders the subject lots is that it is the dividing line between Sunnyvale (west side of creek) and Santa Clara (east side of creek). Major existing land uses in Santa Clara that are within approximately one-half mile of the subject include Levi's Stadium (49ers), Great America Theme Park, Santa Clara Convention Center and a 1980s-era business park on Patrick Henry Drive. A major mixed-use project is proposed for a 50-acre site formerly owned by Yahoo that lies north of the SFPUC right-of-way and south of Tasman Drive, between Patrick Henry and Old Ironsides Drives. In addition, the city of Santa Clara recently initiated a general plan amendment process that would lay the groundwork for high-density, mixed-use development south of the SFPUC right-of-way and the former Yahoo site. The environmental review is currently underway.

The neighborhood contains 8,198 housing units, a large percentage (40.9%) of which is in the mobile home parks that lie north of Lakewood Village. The neighborhood accounts for 14.1 % of the city's housing stock. The permanent supply is about evenly divided between single- and multi-family units, although Lakeside Village is entirely single-family. The neighborhood population was estimated at 21,403 that accounts for 14.3% of the city's population. The neighborhood has grown about twice as fast as the city and county since 2000, but much of its growth is attributable to new apartment projects located outside Lakewood Village. Incomes are generally lower than those in the county and substantially lower than incomes in the city as a whole.

Although remodeling activity is evident throughout the neighborhood, there has been little in the way of redevelopment involving demolition of existing improvements. According to Corelogic, just six new houses have been built since 2010. Contrast thus with higher-priced Sunnyvale neighborhoods where significant redevelopment has taken place and developers remain active. Sunnyvale is fully built out. Although there are scattered vacant lots, most new construction involves redevelopment of improved lots after demolishing the existing structures.

C. Site Description

1. *Physical Characteristics of Subject and Neighboring Parcels*

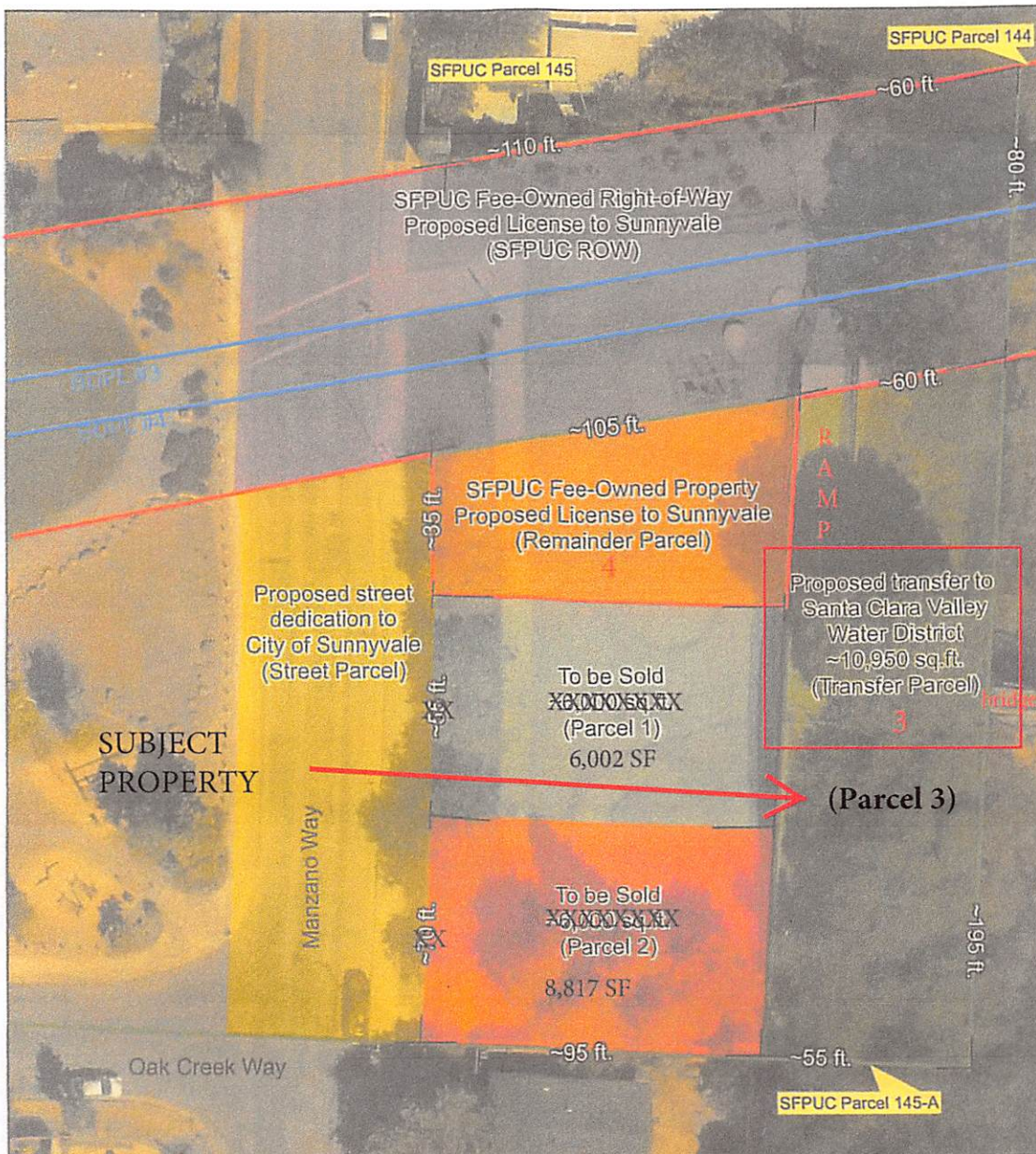
Referring to Exhibit A, the subject and several adjoining lots have been created. The subject property is labeled #3 that comprises the site area that is landlocked to the east that largely comprises Calabazas Creek along with a ramp that supports pedestrian and bike trail and that crosses the creek over to City of Santa Clara business park. The neighboring lots (recently created as separate legal lots) are referred to as Parcel 1 and Parcel 2 comprise two single family lots identified by the Santa Clara County Assessor's Office as a portion of Parcel Numbers 104-28-066 and 104-28-069. Neither of Parcel #1 or #2 has been assigned a street address but they are otherwise oriented along the east side of the street between 1130 and 1209 Manzano Way, in Sunnyvale.

LAKWOOD VILLAGE



Lakewood Village

Red boundary/red shading: Neighborhood
Red arrow: Subject property




Legend

 SFPUC Property to be Retained	 Street Parcel
 Current SFPUC Property Boundary	 SFPUC ROW
 SFPUC Pipeline	 Remainder Parcel
	 Parcel 1
	 Parcel 2
	 Transfer Parcel

0 10 20 40 60 80 Feet

N

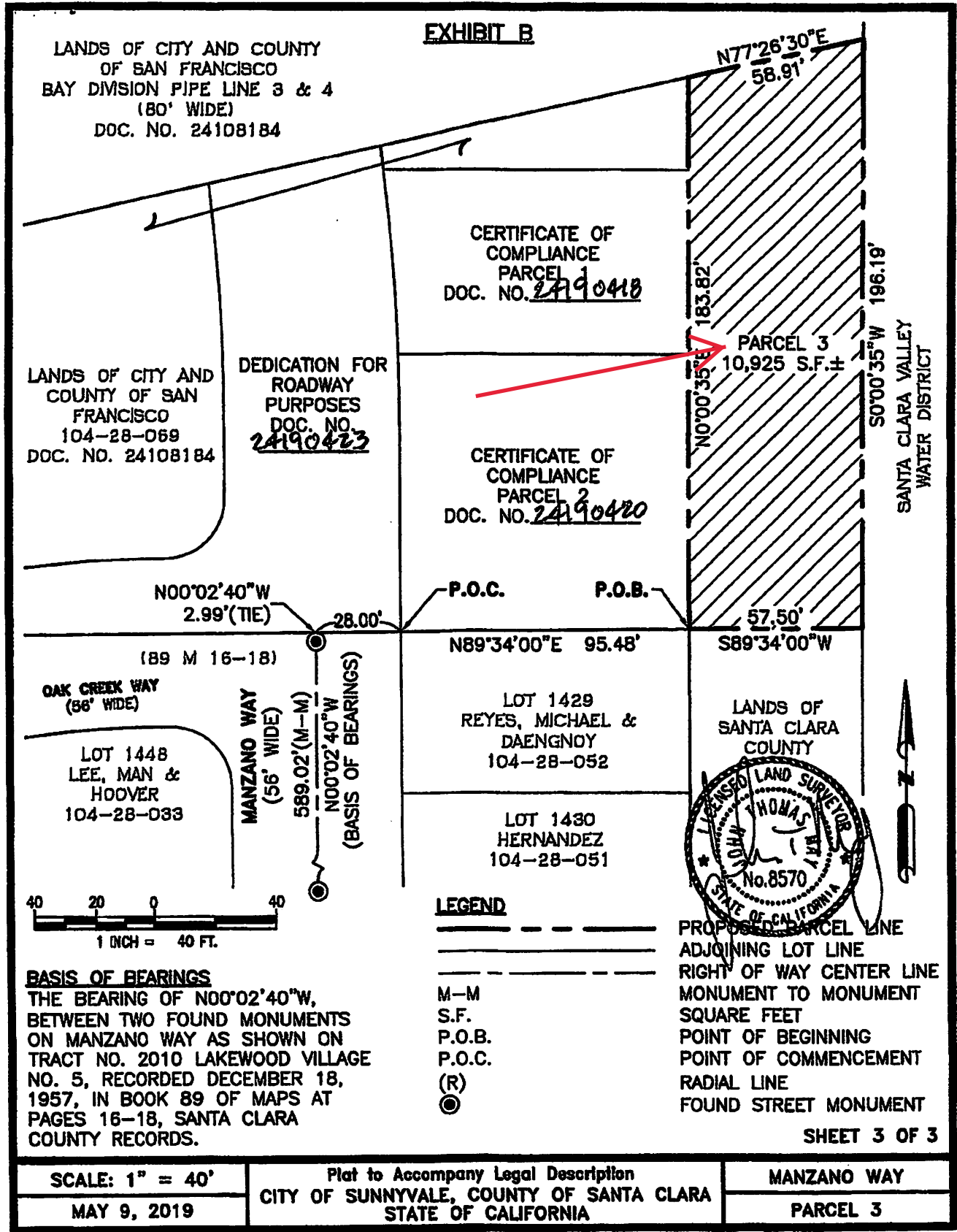
The City does not guarantee that the information is accurate or complete. The City is not responsible for any damages arising from the use of data. Users should verify the information before making project commitments.



Hetch Hetchy Regional Water System
Services of the San Francisco Public Utilities Commission

SFPUC Parcels #: 145-A, 144 Sunnyvale

Date: 12/20/2017 H. Rodgers



To the north of the Parcel 1 (referred to as the Transfer Parcel) has labeled #4 comprises the site area that supports a pedestrian and bike trail ramp.

The subject Parcel 3 contains **10,925 SF** and it is also slightly irregular but generally rectangular in shape. Parcel 3 adjoins the concrete flood control wall on east bank of Calabazas Creek but not within stream channel. A portion is improved with a concrete ramp structure that is a segment of a pedestrian/bicycle trail. The ramp provides access to a bridge that crosses the creek to connect with a trail on the opposite side of the creek in the city of Santa Clara. The concrete ramp is elevated and allows public use that significantly inhibits typical privacy for residential use of Parcels 1 and 2. A segment of a Santa Clara Valley Water District service road is located on the property and the service road extends both north and south from the subject property. Parcel 3 is rendered unbuildable by lack of access.

The neighborhood (non-subject) parcels are **accessible** from Manzano Way, a public street along their frontage. At this location Manzano Way is a two-lane, two-way public street with a right-of-way width of ± 57.5 feet. Frontage improvements already in place consist of concrete curbs, gutters, sidewalks and streetlights. Curbside parking is available on both sides of the street. Electric and phone lines are in the street and landscaping includes mature trees. Both are level and served by public utilities and street improvements. Parcel 1 abuts the remnant parcel (#4) to the north that provides access to the concrete ramp and linkage to public trail access for pedestrian and bike trail use per existing legacy permits.

Parcel 1 contains **6,002 SF**. It has a slightly irregular but generally rectangular **shape** with 61.52 feet frontage on the east side of Manzano Way and a depth that ranges from 100.87 feet along the northerly boundary to 95.92 feet along its southerly boundary adjoining Parcel 2.

Parcel 2 contains **8,817 SF** and it is also slightly irregular but generally rectangular in **shape**. It has 92.65 feet frontage on the east side of Manzano Way and it is 95.92 feet deep along its northerly boundary adjoining Parcel 1. It is 95.48 feet deep along its southerly boundary adjoining an improved residential lot at 1209 Manzano Way.

The **topography** of Parcels 1 and 2 is generally level and slightly above street grade. Parcel 3 is level and downsloping into the creek bed.

Parcels 1, 2 and 3 are in FEMA designated **Flood Zone X500**. The subject property is depicted on FIRM Community Panel 060352-06085C0063H, dated May 18, 2009. A flood map is included as an addendum. Parcels 1 and 2 are in Flood Zone X500, outside the flood plain.

Parcels 1 and 2 are served by typical urban **utilities** that are available at the street but do not appear to be connected as of the date of value. Utility connections are required for development and this would increase the cost of development relative to otherwise similar lots with connections already in place. The same is the case for several other factors for transactions conveying lots with older homes slated for redevelopment or rehabilitation. A property transfer with an existing use not only has the benefit of utility connections, but other impact fees and costs are avoided (or credited) for public services such as park, traffic school fees, etc. for the prior use. The cost avoidance adds significantly to their contributory value of these properties compared to the subject due to their prior use.

The **zoning** for the subject parcel is bifurcated as the westerly portions are in the P-F Public Facility zoning district and the easterly portions are in the R-0 Low Density Residential zoning district. The dividing line between the zoning districts appears to correspond with the boundary between the two assessor's parcels. A copy of the zoning ordinance is included in the addenda of the report and the current land use controls are addressed in the Highest and Best Use section of the report. See addenda for additional use and development criteria data.

D. Taxes & Assessments

Since passage of Proposition 13 (Jarvis Gann Initiative) in 1978, Article XIII A of the California State Constitution, requires that real property taxes are limited to 1% of Market Value, as of a specified base year. The base year valuation is the Assessor's 1975 Market Value estimate, unless there is a transfer of ownership (sale), new construction, or the property is leased on a long-term basis. Whenever this occurs, the property is reassessed at full Market Value. If a reassessment is not triggered, the assessed value is trended upward at a maximum of 2% annually. Furthermore, Proposition 13 limits annual taxes to 1%, plus an amortized amount for voter approved bonded indebtedness, of the assessed value. Taxes are levied annually for each fiscal year from July through June. They are paid in semi-annual installments being delinquent in December and April, respectively. The parcels are currently non-assessed given the public ownership. However, under the premise of market value, assuming a transfer of ownership, the subject property may be reassessed to its market value.

III. HIGHEST AND BEST USE

1. Definition

Highest and Best Use is defined as that use which is physically possible, legally permitted, economically feasible and produces the highest return or value.

2. Highest and Best Use As If Vacant – Parcel 3

Based upon the appraiser's analysis of these factors, and alternatives the concluded Highest and Best Use of Parcel 3 is continuation of the current use as limited utility land.

- a. Parcel 3 is a portion of APN 104-28-066 and is situated adjacent to Calabazas Creek, behind Parcels 1 and 2 as illustrated. It has an irregular quadrangular shape with no public street access or exposure. Public utilities do not appear to be readily available. Adjoining uses are summarized as: North and South - SCVWD service road and vacant land; East - Calabazas Creek; and, West - Parcels 1 and 2. In its "as is" condition, a portion of Parcel 3 is improved with a concrete pedestrian/bicycle ramp that connects a greenway on the west side of the creek to a public trail on the east side of the creek, by way of a bridge that crosses over the creek.
- b. Segments of the greenway and the SCVWD service road occupy portions of Parcel 3. There are no building improvements. A portion along the westerly property line may be encumbered with an easement for a wood pole/communications line. At the time of inspection there were no stakes on the ground to demarcate the boundaries of Parcels 3. Based on the exhibit provided it appears that it may adjoin a concrete flood barrier at its interface with the creek. If so, then no part of Parcel 3 would be in the flood channel or flood plain.
- c. The zoning is R-1-8 and the general plan land use designation is Low Density Residential. Both provide for residential development at a maximum density of 7.0 DUA.
- d. The range of uses is severely constrained by the physical characteristics of the land. Among other things, it lacks access and utilities, both of which are necessary for development. The observed use at the time of inspection was vacant land, except for the concrete ramp structure described above. The probable physically possible use of Parcel 3 is continuation of the existing vacant land use. Other than speculation, there are no economic uses that meet the threshold tests of physical possibility and legal permissibility. However, continuation of the vacant land use is clearly financially feasible. Because it is the only identified probable use it is also the maximally productive use.

IV. VALUATION ANALYSIS

A. Introduction

The intended use of the appraisal is to establish a fair market value for the subject Parcel 3. The condition and highest and best use of the subject property dictates the valuation methodology employed to determine the market value for the subject property. Based on the property descriptions and the functional utility of Parcel 3 its probable physically possible use of Parcel 3 is continuation of the existing vacant land use. There does not appear to economic uses that meet the threshold tests of physical possibility and legal permissibility. As discussed in the following section, there is a limited market for limited utility parcels like the subject.

B. Sales Comparison Approach – Parcel 3

In order to estimate the value of the subject parcels, a number of sales were investigated. In the case of Parcel 3 its probable physically possible use of Parcel 3 is continuation of the existing vacant land use. However, the range of uses is severely constrained by the physical characteristics of the land. Among other things, it lacks access and utilities, both of which are necessary to support development. Those sales considered to provide the most meaningful comparison are presented on **Table 1**. The majority of the comparable sales summarized on **Table 1** are presented in the 2019 appraisal. However, additional land sales datum is presented as land Sale 9.

Sale 1 is located in Multifamily residential neighborhood. The site is heavily encumbered parcel at northerly terminus of Greenlee Drive. City sold as surplus at auction. Buyer submitted application for 2,228 SF duplex but subsequently withdrew. Current MLS listing asking is \$99,000. Probably not economic to develop because of cost to extend water and sewer to property (±\$400-\$500k).

Sale 2 is located in transitional light industrial neighborhood near downtown San Jose, at SWC of Guadalupe Pkwy and Coleman Ave. The site sold by city at auction to one of several owners of adjoining properties. Now used in buyer's welding business. Landlocked status renders parcel unbuildable on stand-alone basis.

Sale 3 is located in residential enclave surrounded by mostly industrial uses, at NWC Lafayette St/Memorex Dr. Site sold by administrator of estate to one of two adjoining property owners. Not buildable because of small size.

Sale 4 is located in single family residential neighborhood. It was sold by city to owner of adjoining 0.93-acre site at 344 Bryant Ave. Buyer assembled the two parcels for development of 4-lot residential subdivision. Developer approached city and price was negotiated. There was no market exposure. Adjacent site sold for \$104/SF in 2013 so price of this sale parcel represents 20% of fee.

Sale 5 is located in single family residential neighborhood. The City bought 60'wide strip adjacent to US 101 for new city park. Caltrans reserved 15' maintenance easement. Negotiated price based on appraisal. Narrow width and reserved easement would make development difficult but probably not impossible.

Sale 6 is located in single family residential neighborhood. The City bought long and narrow remnant parcels left over from original construction of Foothill Expwy for continued use as city park. Negotiated price was based on appraisal. Probably not economic to develop because of zoning standards.

Sale 7 Berryessa Creek that adjoins VTA/BART right-of-way and includes areas of stream channel, recreational trail and uplands. The true seller was UPRR. Unbuildable due to no legal access and encumbrances. Eminent domain proceedings were underway price was negotiated. Nearest economic use is PUD project to east.

TABLE 1

Limited Utility Urban Land – Land Sales

Comp	Property/APN/Zoning	Grantor/Grantee	Date/Deed	Price	Acres	\$/SF
1	Nily Terminus Greenlee Dr, San José 303-28-067 (now -074) R-M; GP Mixed Use Neighborhood	City of San José Burkette Drive LLC	Jul-13 22320344	\$60,000	0.167	\$8.26
2	SEQ Guadalupe Pkwy/Coleman Ave, San José 259-22-053 R-2; GP Residential Support for the Core	City of San José Padilla 2004 Trust	Apr-12 21638601	\$50,000	0.455	\$2.53
3	2290 Lafayette St, Santa Clara 224-67-006 Light Industrial; GP Light Industrial	Daisy Reganani Tony Garza et ux	Apr-16 23282397	\$55,000	0.086	\$14.71
4	Apricot Ln NWC Filomena Ct, Mountain View 197-21-037 R-1-8; GP Low Density Residential (0-6 DUA)	City of Mountain View Kanu Patel Tr	Jun-14 22620655	\$50,000	0.055	\$20.69
5	W/531st St between Alum Rock/San Antonio No APN assigned R-1-8; GP land use not assigned Atos	State of California (Caltrans) City of San José	Aug-16 23391397	\$850,000	1.892	\$10.31
6	Lincoln Park, Los Altos 175-12-012 & 167-41-049 (ptn) PCF; GP Park	County of Santa Clara City of Los Altos	Aug-16 23397426	\$1,020,000	4.493	\$5.21
7	S of Abel S ercrossing, Milpitas Santa Clara APN 028-19-063 (Portion) POS; Parks and Open Space	Standard Realty & Development Santa Clara Valley Water District	Sep-16 23448078	\$30,000	0.493	\$1.40
8	1544 Woodland Ave, East Palo Alto San Mateo 063-471-020 C05C; GP Community OS - Conservation	Richard C Ersted Tr EQR-Woodland Park LP	Jan-12 3584	\$90,000	0.816	\$2.53
9	Locust Dr. & Santa Ana Road 544-40-004, -005 Los Gatos, CA	Redwood Estates Service Assn San Jose Water Company	Jul-19 24226510	\$14,000	0.25	\$1.28

Sale 8 is within mixed residential neighborhood west of US 101 where East Palo Alto, Palo Alto and Menlo Park converge. San Francisquito Creek, West of US 101 and adjoining Palo Alto. Buyer is REIT that owns approximately 2,000 apartment units in immediate vicinity. Purchased for amenity value and possible future mitigation or leverage in dealings with city. Seller owns house on an adjacent property and "had no idea how he ended up owning this parcel.

Sale 9 comprises two adjacent vacant parcels that are within a treed hillside residential area known as Redwood Estates. The property has a minor drainage course and roadway traversing it. All the houses in Redwood Estates are served by septic systems. It is reported no septic system could be permitted to support development on the two lots due to the roadway and drainage course. The San Jose Water Company bought the property as it owned the adjacent reservoir and needed it to install a new pipeline in the road that traversed it, consistent with its policy of not installing pipelines without a property right for the alignment or encroachment permit. The roads in the area were dedicated to public use but not accepted by the County for maintenance.

The preceding limited market sales data is categorized as follows. The remnant parcels (Sales 1, 2, 3 & 4) reflected a dominant range from \$8.26/SF to \$20.69/SF but omitting the extreme outlier at \$2.53/SF. The Park land parcels (Sales 5 & 6) range from \$5.21/SF to \$10.31/SF. The stream/riparian parcels (Sales 7 & 8) range from \$1.40/SF to \$2.53/SF. Sale 9 is most similar to this latter group. The use of portions of Parcel 3 for ramp, greenway and SCVWD service road are public uses are not considered economic uses. Parcel 3 has some characteristics in common with all the sale parcels, but overall is most similar to the park land and stream/riparian parcels. However, like Sale 9, three of four remnant parcels were bought by adjoining land-owners and the buyers were motivated in part by the prospect that they would be able to realize the speculative increment of value immediately. However, Sale 9 does not offer that opportunity. The remnant parcels bracket the upper end of the price range. With the focus on park land and stream/riparian parcels as most similar to the subject, the comps bracket a broad range from \$1.40/SF to \$10.31/SF. Both park land parcels are superior to Parcel 3, because they have public street access and utilities are readily available, whereas Parcel 3 has neither. The park land parcels suggest that a reasonable value rate would be below the bracketed range of \$5.21/SF to \$10.31/SF. With regard to the stream/riparian parcels, the bracketed range is lower at \$1.40/SF to \$2.53/SF. Both comparable parcels are considerably larger than the subject, which suggests some upward consideration for size may be warranted. Like Parcel 3, the low value parcel lacks access and utilities. On the other hand, substantial portions of the comparable property are actual stream channel and it is heavily encumbered with easements because of its former use as a public street. The other stream/riparian parcel indicates a higher unit price of \$2.53/SF. Primary consideration is placed on Sales 2, 6, 7 and 8 to conclude a unit value of \$3/SF as follows:

$$10,925 \text{ SF} \times \$3/\text{SF} = \$33,000 \text{ (ROUNDED)}$$

V. ADDENDA

A. Appraisal Certification Statement

EXHIBIT A

The appraiser certifies that, to the best of his knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The appraiser has no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- The appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The appraiser's engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The appraiser's compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The appraiser has made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The appraiser has not completed a prior appraisal of the subject property in the prior three years.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, the appraiser has completed the continuing education program of the Appraisal Institute.



 Signature
JOHN C. CLIFFORD, MAI

2/25/21

 Date

SCGREAA - Certificate No. AG007177

Assumptions and Standard Limiting Conditions**EXHIBIT B**

This appraisal is subject to the following limiting conditions.

1. The legal description and area dimensions furnished the appraiser is assumed to be correct. No survey of the boundaries of the property was completed.
2. No responsibility for matters legal in character is assumed, nor is any opinion as to title rendered, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, except where noted, and the property is appraised as though free and clear, under responsible ownership and competent management. It is specifically noted the appraisal assumes the property will be competently managed, leased and maintained by financially sound owners over a reasonable period of ownership.
3. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
4. No opinion is intended to be expressed on matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.
5. The exhibits in this report are included to assist the reader in visualizing the property. No survey of the property has been made and no responsibility in connection with such matters is assumed.
6. The distribution or allocation, if any, of the total valuation of this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.
7. The statements of value and all conclusions shall apply as of the date shown herein.
8. No responsibility for economic or physical factors is assumed which may affect the opinions herein stated, which may be present or occur at some date after the date of value.
9. An inspection, as far as possible, by observation, the land has been made; however, it was impossible to personally inspect conditions beneath the soil; therefore, no representations are made as to these matters unless specifically considered in the appraisal. Further, no opinion is expressed as to the value of sub-surface oil, gas, or mineral rights, or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.
10. This appraisal is predicated on the assumption that the existence of hazardous material, which may or may not be present in, on or near the property, was not observed by the appraiser, unless otherwise stated. The appraiser has no knowledge of the existence of such materials in, on or near the property. The appraiser, however, is not qualified to detect such substances, and assumes no responsibility for such conditions, or for engineering or other inspections which might be required to discover such factors. The presence of asbestos or other potentially hazardous materials may affect the value of the property. The value estimate herein is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such condition, or for any expertise or knowledge required to discover them.
11. No engineering survey has been made by us. Except as specifically stated, data relative to size and area were taken from sources considered reliable. Furthermore, no warranty is implied with regard to physical or structural or operational deficiencies which are not disclosed to the appraiser and noted herein.

12. The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. The appraiser assumes that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report. The appraiser assumes that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
13. Information, estimates, and opinions contained in this report are obtained from sources considered reliable and where feasible, has been verified. However, no liability can be assumed for information supplied by others.
14. The right to make such adjustments to the valuation herein reported is reserved, as may be required by the consideration of additional data or more reliable data that may become available.
15. All projections of income and expenses in this report are estimates of current market expectations, not predictions of the future. No warranty or representation is made that these projections will materialize. Where Discounted Cash Flow Analyses have been completed, the discount rates utilized to bring forecast future revenues back to estimates of present value, reflect both the appraiser's market investigations of yield anticipations and judgment as to the risks and uncertainties in the subject property and the consequential rates of return required to attract an investor under such risk conditions.
16. The appraiser may not be required to give testimony or to appear in court or any governmental or other hearing by reason of this appraisal, unless prior arrangements have been made.
17. The liability of John C. Clifford, MAI and CLIFFORD ADVISORY, LLC is limited to the Client only and to the amount of fee actually paid for services rendered, as liquidated damages, if any related dispute arises. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of any one other than the Client, the Client shall make such party aware of all assumptions and limiting conditions of the assignment and related discussions. John C. Clifford, MAI and CLIFFORD ADVISORY, LLC is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property, physical, financially and/or legally. Any claims or damages made against the Appraiser by the Client will be limited to the amount paid by the Client to the Appraiser for the appraisal report or services. Client waives all other claims to consequential or special damages arising from the use of the report, and agrees to hold harmless CLIFFORD ADVISORY, LLC from any liability, loss, or expense incurred by the client in such action, regardless of its outcome.
18. The appraiser has no present or contemplated future interest in the property which is not specifically disclosed in this report.
19. This report shall be used for its intended purpose only and by the parties to whom it is addressed as of the current date of valuation. Possession of this report does not carry with it the right of publication, or duplication. One of the signatories of this appraisal is a member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member or candidate to control the use and distribution of each appraisal signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal was prepared may distribute copies of this report, in its entirety, to such third parties as may be selected by the party for whom this report was prepared; however, selected portions of this appraisal shall not be given to third parties without the prior written consent of the signatories of this report. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the author. This applies particularly to value conclusions, the identity of the appraiser or firm with which is connected, and any reference to the Appraisal Institute, or MAI designation.

Extraordinary Assumptions and Hypothetical Conditions

The hypothetical conditions and extraordinary assumptions are:

1. The property is the subject of an Appraisal Report dated September 15, 2019, prepared by John C. Clifford, MAI for the current owner (City & County of San Francisco, by and through its Public Utilities Commission Real Estate Division). Upon approval and release of the current owner, it is assumed and understood the users of this Update Report have obtained and reviewed a complete copy of the 2019 appraisal report, that presents a detailed description of the site and its competitive market appeal. This update report is not intended to duplicate the content of the September 2019 Appraisal Report², but to address pertinent factors and market conditions deemed to influence market value as of a current effective date of value on February 25, 2021.
2. The property is not impacted by any detrimental environmental conditions. The assumption applies to the actual physical condition of the subject property as well for the update analysis, but further commentary is warranted that relates to detrimental environmental conditions impacting market conditions. Subsequent to the September 2019 appraisal the onset of the Covid-19 Pandemic arrived in March 2020. The Covid-19 Pandemic has interrupted economic stability, jobs dislocation, and prevailing market demand and related development activity.

The client and intended users are advised that the Covid-19 Pandemic is causing unprecedented chaos, volatility and uncertainty in the market and it is yet difficult to predict what impact it will have on the overall U.S. economy, state economy, local economy and real estate values in general. Ultimately, the impact will depend on the lag in the health care industries' response and development of effective vaccines and treatment therapies. Reports of progress on the release and distribution of two vaccines have raised optimism, but manufacturing, logistical distribution and widespread availability will likely not occur until Spring 2021 at the very earliest and could be delayed even longer. Among the many manifestations this has led to market volatility. These times have been made even more interesting property valuations when there are limited to no comparable evidence and all markets are facing an uncertain future. Such is the case in Truckee as the dearth of comparable land sales activity provides little evidence of emerging trends and their impact beyond a limited term. One of the main issues when dealing with valuation uncertainty is that a valuation is not a fact, but it is an estimate of the most probable of a range of possible outcomes based on the assumptions made in the valuation process. If the valuation date coincides with economic or political crises or immediately follows such an event, significant valuation uncertainty arises because the only inputs and metrics available for the valuation are likely to relate to the market before the event occurred and therefore have limited relevance to the situation on the valuation date. The impact of the event on the attitude of market participants, and therefore prices, will not be known during its immediate aftermath. Because of this, uncertainty caused by market disruption is rarely quantifiable.

A lack of relevant input data can cause valuation uncertainty. This may be due to market disruption as described above but may also be due to the assets being unique or because the market for the asset is normally illiquid. Where there is a lack of relevant market data, there may be a need to extrapolate inputs from directly observable prices for similar assets, or to rely on unobservable inputs. These are inputs for which market data are not available but that can be developed using the best information available about the assumptions that market participants would use when pricing the asset. The use of unobservable inputs can be a source of uncertainty because of the difficulty of finding objective evidence to support either the adjustments or the assumptions made. The existence of significant uncertainty does not mean a valuation cannot be undertaken, but it does mean that significant assumptions within the valuation approach and methodology should be disclosed within the valuation report.

² Required USPAP reporting information regarding Appraisal Standards, Definition of Market Value, Property Rights Appraised, Current Property Condition and Inspection / Date of Value, Competency, Scope of Development and Reporting Process and other data is presented in the 2019 Complete Appraisal Report that must be relied upon with this Appraisal Update report in order to comply with USPAP.



title IMG_0127.HEIC



title IMG_0128.HEIC



title IMG_0129.HEIC

View of surrounding public access to subject property - pedestrian and bike trails

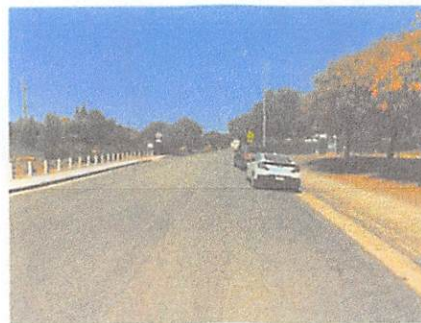


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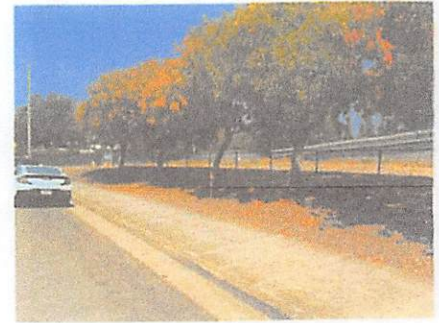


title IMG_0131.HEIC

View of surrounding public access to subject property - pedestrian and bike trails



title IMG_0134.HEIC

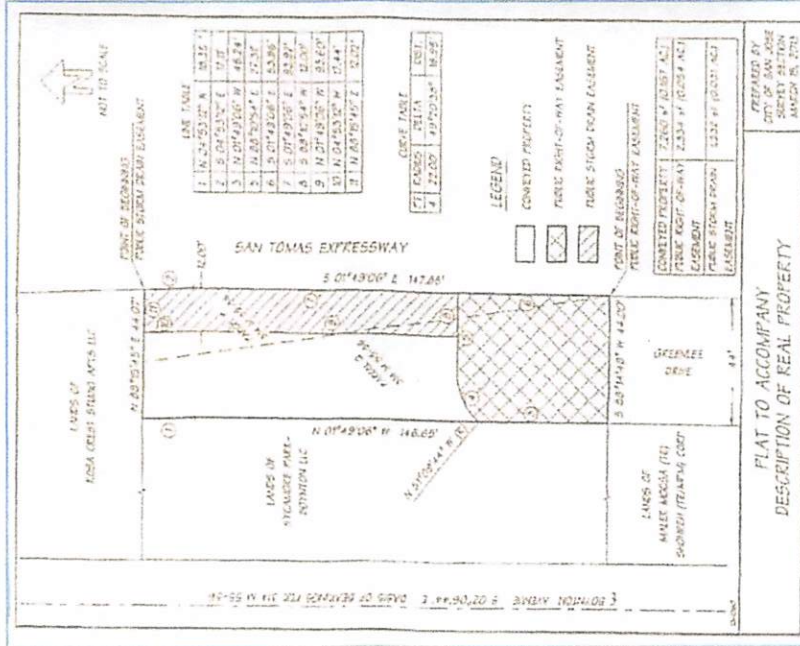


title IMG_0135.HEIC

Street Scene along Manzano Way Parcel 3 on right

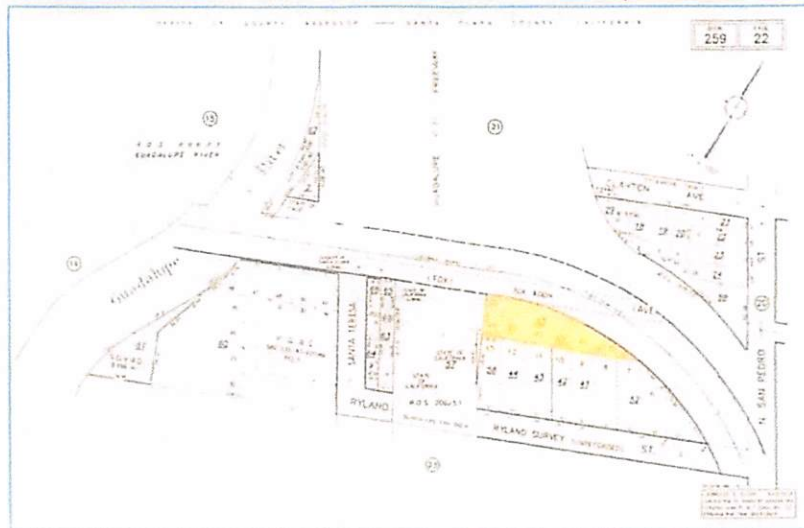
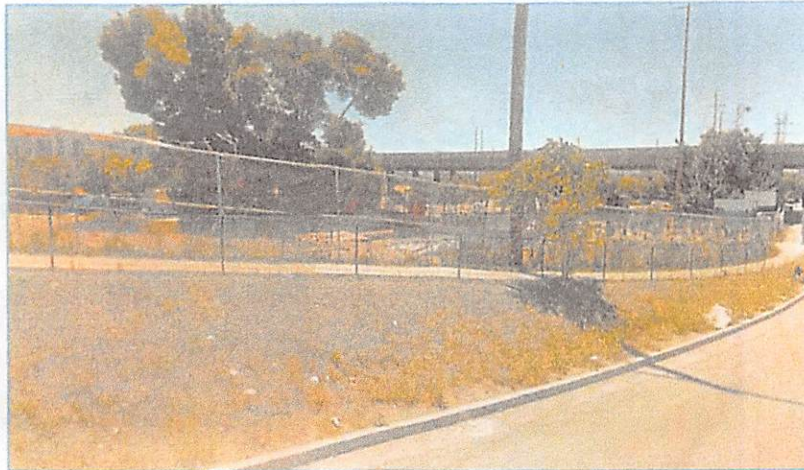
Market Data – Limited Utility Urban Land

Comp #1. Northerly Terminus of Greenlee Dr, San José



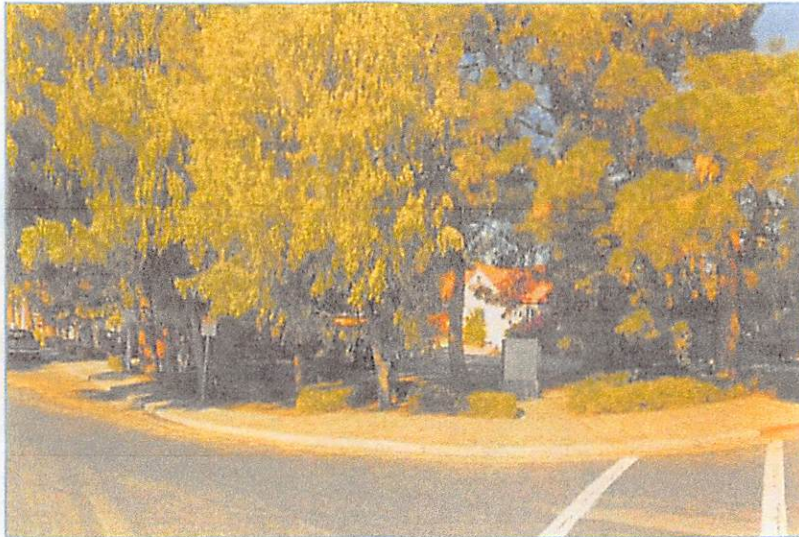
Market Data – Limited Utility Urban Land

Comp #2. SEQ Guadalupe Parkway and Coleman Ave, San Jose



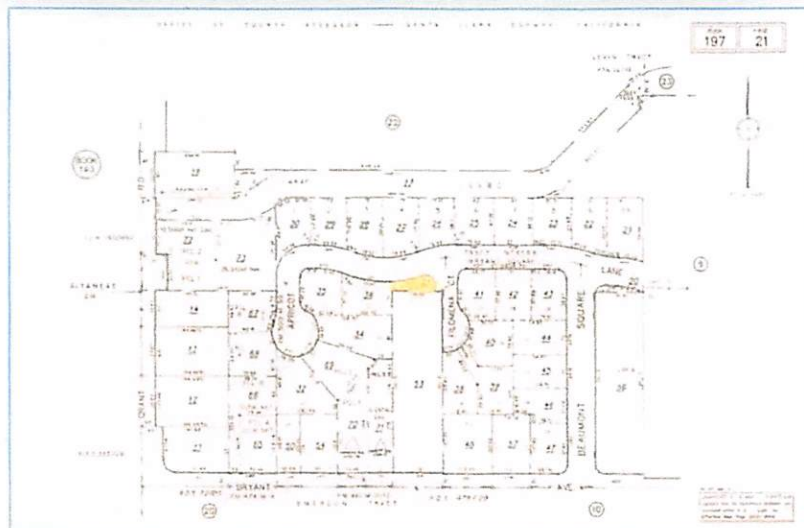
Market Data – Limited Utility Urban Land

Comp #3, 2290 Lafayette Street, Santa Clara



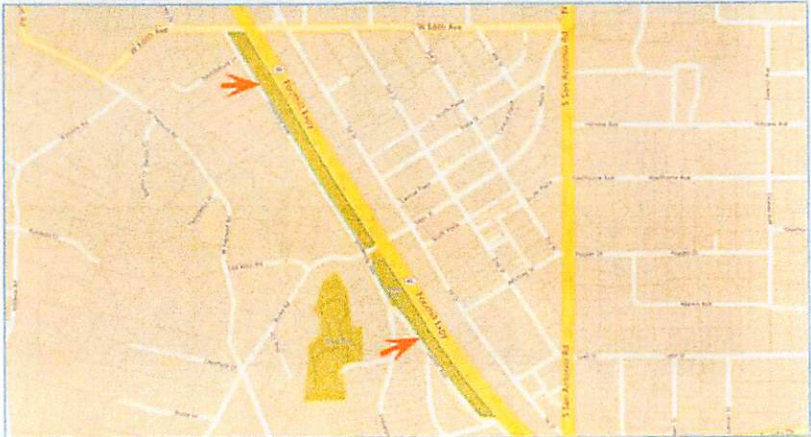
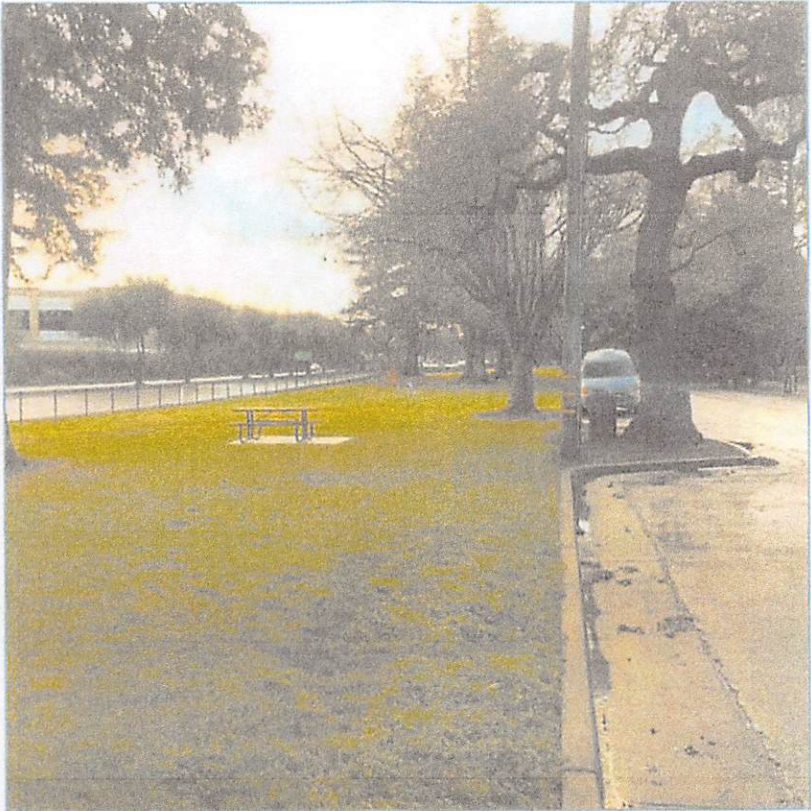
Market Data – Limited Utility Urban Land

Comp #4. Apricot Lane at Northwest Corner of Filomena Court, Mountain View



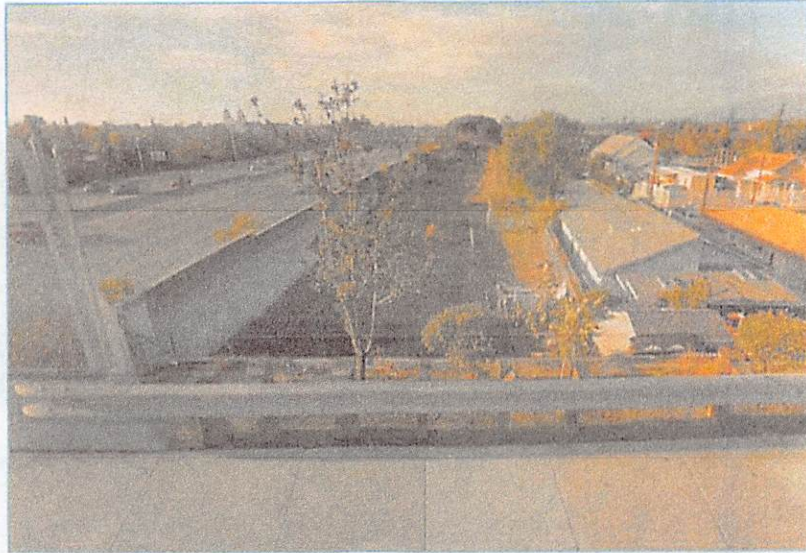
Market Data – Limited Utility Urban Land

Comp #6. Lincoln Park, Low Altos



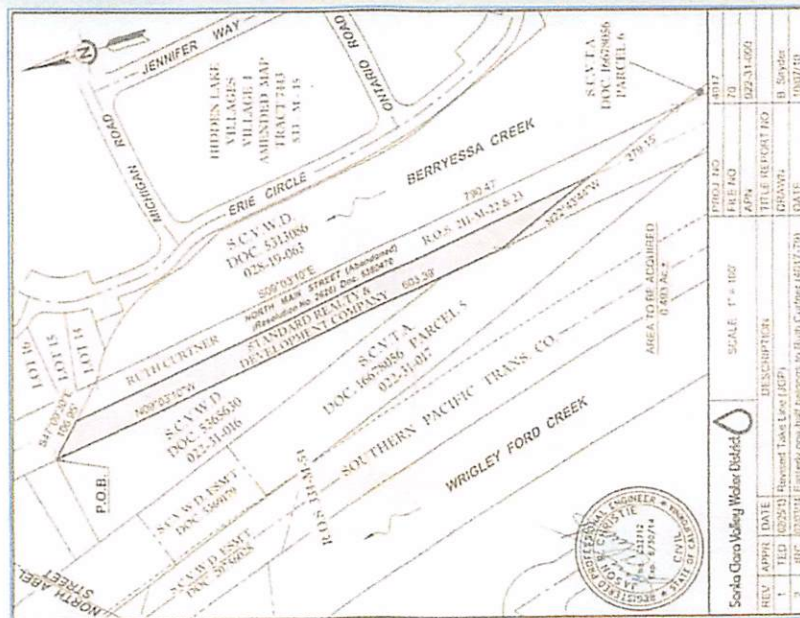
Market Data – Limited Utility Urban Land

Comp #5. West Side of South 31st Street between Alum Rock Avenue and San Antonio Street



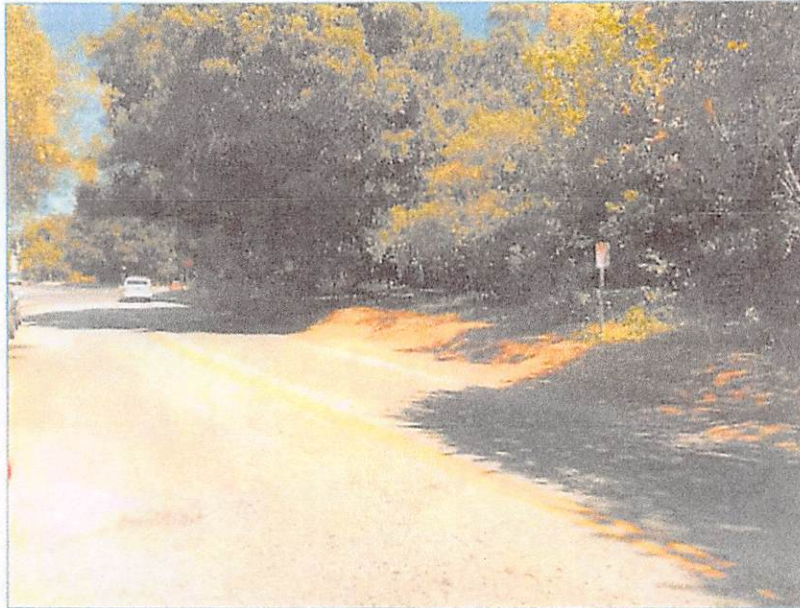
Market Data – Limited Utility Urban Land

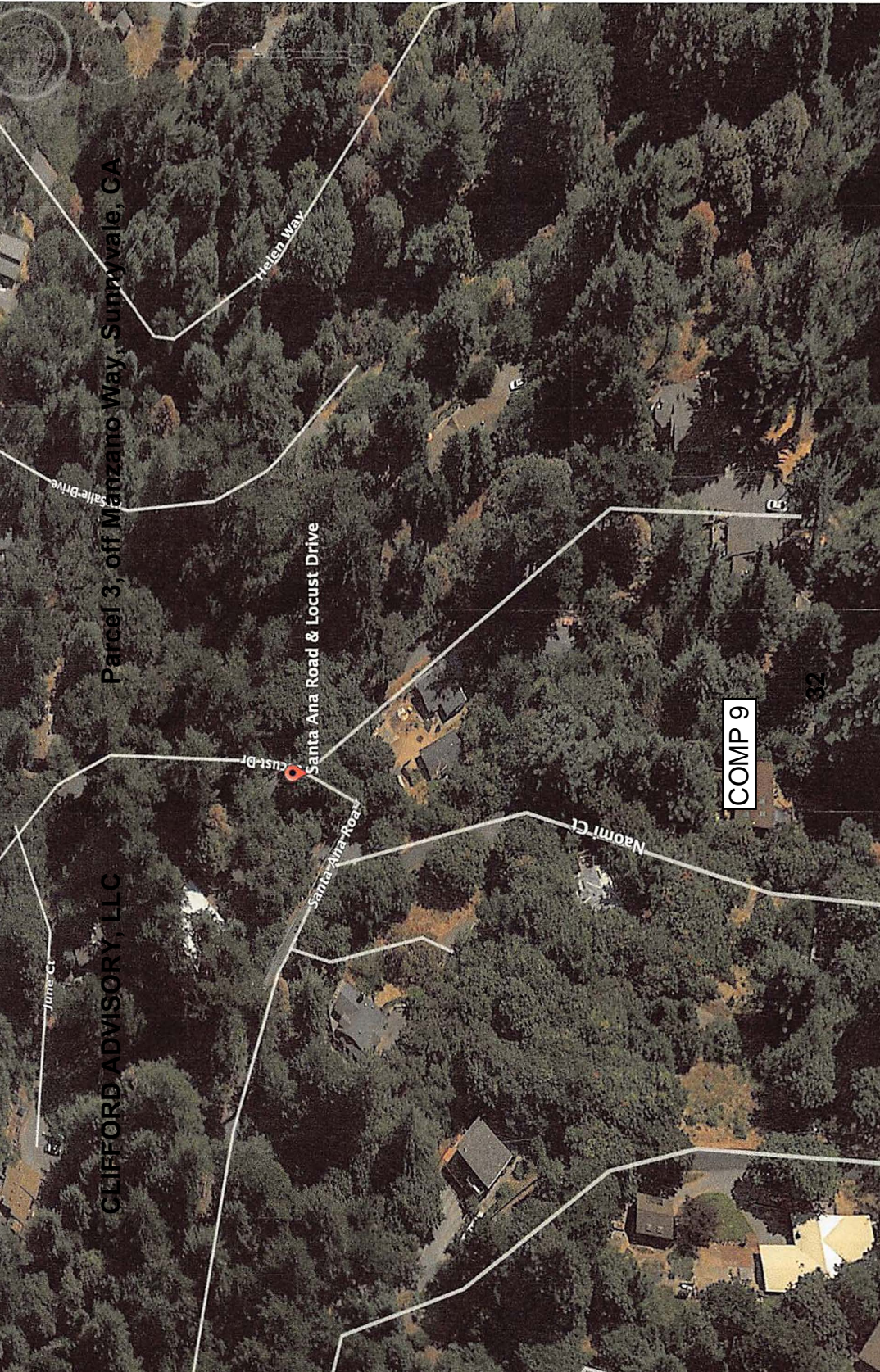
Comp #7. South of Abel Street Overcrossing, Milpitas



Market Data – Limited Utility Urban Land

Comp #8. 1544 Woodland Avenue, East Palo Alto





Parcel 3, off Manzano Way, Sunnyvale, CA

CLIFFORD ADVISORY, LLC

Helen Way

Saddle Drive

Santa Ana Road & Locust Drive

Locust Dr

Santa Ana Road

Naomi Ct

COMP 9

June Ct

CLIFFORD ADVISORY, LLC

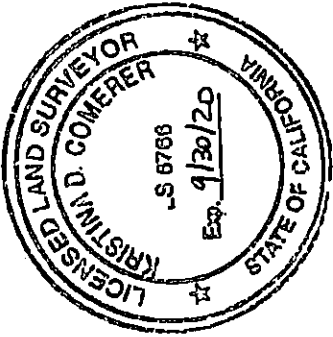
Parcel 3, off Mansero Way, Santa Ana, CA

EXHIBIT 'B'
PLAT TO ACCOMPANY
LEGAL DESCRIPTION

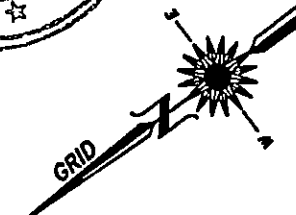
MAP NO. 3 OF REDWOOD ESTATES
"V" M. 32-34
LOTS 201 & 202, BLOCK Q
SCALE: 1" = 30'

LEGEND

- FD. 1" I.P. "LS 6766"
- BOUNDARY LINE
- - - RESERVED INGRESS/EGRESS AND PUBLIC UTILITIES EASEMENT
- - - EXISTING EDGE OF PAVEMENT
- - - EXISTING RIGHT-OF-WAY LINE



Kristina D. Comerer
KRISTINA D. COMERER
LOT 201
LOT 202



EXISTING PAVED ROADWAY

S01°48'13"E 23.84

S70°12'13"E 14.49

N53°03'47"E 22.17

10' 10'

N29°31'47"E 44.71

S 58°52'13" E 29.61

S 01°19'37" W 56.36

S 43°57'20" E 100.73

N 07°36'24" W 33.74

S07°36'24"E 35.95

N 23°23'13" W 83.21

N 15°56'13" W 37.41

N 20°49'32" W 105.13

N 85°21'32" E 20.46

W 105.13

POINT OF BEGINNING

RESERVED INGRESS/EGRESS & PUBLIC UTILITIES EASEMENT AREA=948 S.F.+/-

POINT OF BEGINNING FEE PARCEL

EXISTING PAVED ROADWAY

544-40-004
LANDS OF REDWOOD MUTUAL WATER COMPANY
DOC. NO. 12314120
LOT 201
FEE PARCEL
AREA=10,907 S.F. +/-

544-46-097
LANDS OF SAN JOSE WATER COMPANY
DOC. NO. 19120334
PARCEL FOUR
LOCUST DRIVE STATION PUMP STATION #5

544-40-005
LANDS OF REDWOOD MUTUAL WATER COMPANY
DOC. NO. 1075424
LOT 202

544-40-015 & 046

MAP NO. 3 OF REDWOOD ESTATES "V" M. 32-34 BLOCK P

CROSS LAND SURVEYING, INC.
2210 MT. PLEASANT ROAD
SAN JOSE, CA 95148
(408) 274-7994
PROJECT NO. 16-31

COMP 9

CLIFFORD ADVISORY, LLC
CLIFFORD ADVISORY, LLC
RECORDING REQUESTED BY

Parcel 3, off Manzano Way, Sunnyvale, CA.
MANZANO WAY PARCELS, SUNNYVALE, CA
24190418

NAME: City of Sunnyvale

WHEN RECORDED MAIL TO:

NAME: City of Sunnyvale/Engineering Division

ADDRESS: P.O. Box 3707
Sunnyvale, CA 94088-3707

CITY/STATE/ZIP:

WITH COPIES TO:

San Francisco Public Utilities Commission
Real Estate Services Division
525 Golden Gate Avenue, 10th Floor
San Francisco, California 94102
Attn: Real Estate Director

and

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property

The undersigned hereby declares this instrument to
(DOCUMENT WILL ONLY BE RETURNED TO NAME & ADDRESS IDENTIFIED ABOVE)

(SPACE ABOVE FOR RECORDER'S USE)

RECORD WITHOUT FEE UNDER
GOVERNMENT CODE SECTION 27383

CERTIFICATE OF COMPLIANCE

Property Owner(s):

City and County of San Francisco, a municipal corporation

Description of Property:

See legal descriptions described in "Exhibit A", as shown on the accompanying plats "Exhibit B", attached hereto and by this reference made a part hereof.

Determination of Compliance:

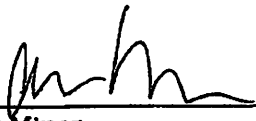
Notice is hereby given that the above described parcel(s) complies with the applicable provisions of the Subdivision Map Act and Title 18 of the Sunnyvale Municipal Code.

Furthermore, that as a result of this Certificate of Compliance, the parcel(s) described herein may be sold, leased, or financed without further compliance with the Subdivision Map Act or any local ordinance enacted pursuant thereto.

CLIFFORD ADVISORY, LLC

Parcel 3, off Manzano Way, Sunnyvale, CA

Development of the parcel(s) may require issuance of a permit or permits, or other grants of approval. Conditions related to the certificate of compliance are not required to be recorded as attachments to the certificate of compliance.



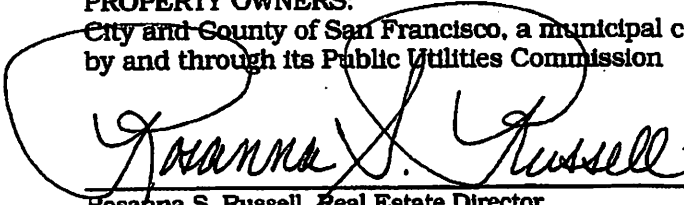
Andrew Miner
Assistant Director of Community Development
City of Sunnyvale

Date: 5/28/19

OWNER(S) CERTIFICATE

PROPERTY OWNERS:

City and County of San Francisco, a municipal corporation,
by and through its Public Utilities Commission



Rosanna S. Russell, Real Estate Director
San Francisco Public Utilities Commission

DATE: 5/07/2019

Signature _____ Printed Name _____
(Signature(s) to be notarized)

DATE: _____

ENCUMBRANCERS IF ANY:

Signature _____ Printed Name _____

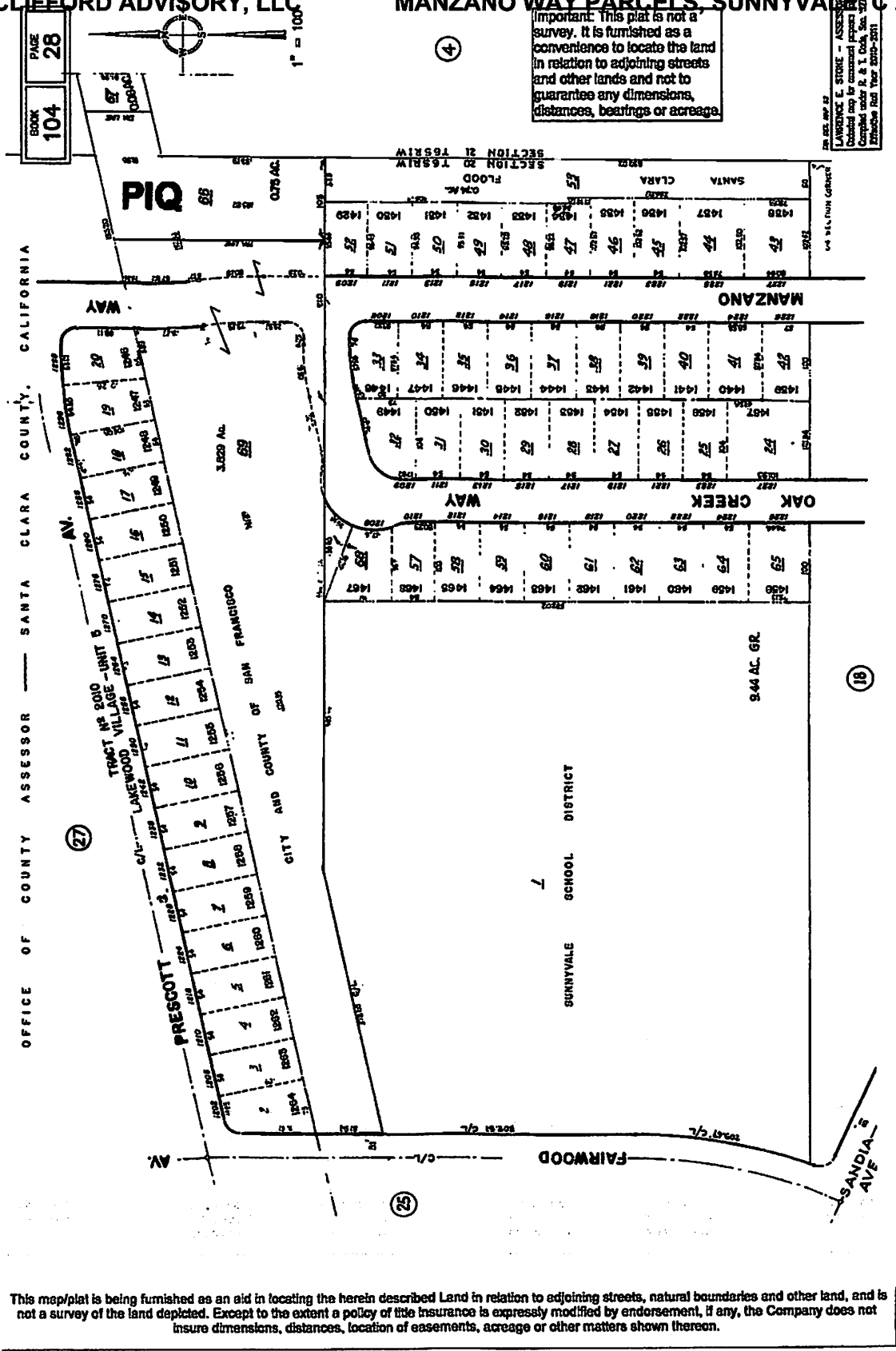
DATE: _____

Signature _____ Printed Name _____
(Signature(s) to be notarized)

DATE: _____

CLIFFORD ADVISORY, LLC

MANZANO WAY PARCELS, SUNNYVALE, CA



This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.



Real Estate Valuation ■ Arbitration

**QUALIFICATIONS
OF
JOHN C. CLIFFORD, MAI**

Mr. John C. Clifford is a designated member of the Appraisal Institute (MAI) and is qualified by the State of California as a Certified General Appraiser. The following is a brief resume of his background and experience.

Experience

Mr. Clifford is the principal of CLIFFORD ADVISORY, LLC and has provided real estate appraisal, arbitration and consultation services since 1982. He has performed a wide variety of appraisal and valuation consulting assignments.

Based in San Francisco, Mr. Clifford has benefited from the unique opportunity to analyze many complex properties including:

Complex Properties

- San Francisco Giants AT&T Baseball Stadium
- Treasure Island
- Mission Bay MXU Development Project
- Hamilton Army Air Field (HAAF)
- Hunters Point Naval Shipyard
- Ferry Building - Embarcadero
- Fisherman's Wharf Restaurants
- United Airlines Maintenance Facility

Arbitration

- 400,000 SF - Pacific Bell
370 Third Street, SOMA
- 200,000 SF - Heller Ehrman
333 Bush Street, Financial
District
- 500,000 SF - Nordstroms Centre
Union Square District
- Pier 41 - Fisherman's Wharf

Valuation property types include major high-rise office and mixed-use retail/office projects, retail projects, biotech facilities, medical office buildings, regional malls, neighborhood shopping centers, hotels and restaurants, industrial and manufacturing buildings and facilities, high-rise and suburban multi-family residential projects, subdivision analysis, special purpose properties, recreational properties, vacant land and open space.

Mr. Clifford has provided litigation support in numerous condemnation valuation assignments, and has testified as a qualified expert witness in the Superior Court of the State of California, U.S. Bankruptcy Court, and before various quasi-judicial and municipal hearings.

Condemnation

- **Moscone West Convention Center Site**
- **Transbay Terminal Project Sites**
- **San Francisco Cable Car Line**
- **The Rock**
- **Richmond Parkway**
- **Golden Gate Ministorage vs. The State of California**

Client

- City of San Francisco**
- City of San Francisco**
- City of San Francisco**
- City of San Francisco**
- Property Owner**
- Property Owner**

Mr. Clifford participated in a landmark inverse condemnation land use case which upheld the use of public agency purchases as comparables following the 1987 revision to the State's evidence code (*City and County of San Francisco v. Golden Gate Heights Inv.* (1993) 14 Cal.App.4th 1203).

Other major assignments demonstrating the extent of his experience are listed as follows:

- | | |
|---|---|
| • Genentech Research Facility | • Silverado Country Club |
| • Biorad Research Facility | • Renaissance Estates Golf & SFR Community |
| • Port Sonoma-Marin Marina | • Fountaingrove Ranch Golf & SFR Community |
| • Marin County Civic Center | • Northeast Ridge Subdivision |
| • Sea Cliff Sinkhole Properties | • Lagoon Valley MXU Golf, SFR, Business Park |
| • Hamilton Airfield Reuse Plan | • Bel Marin Keys Unit 5 |
| • Wal-Mart Distribution Facility | • AT&T Cable Franchise – Possessory Interest |

After earning his MAI designation in 1983, he established an appraisal and consulting practice. As his practice and reputation has grown, he now maintains offices in San Francisco and Mill Valley, California.

Development Consulting

Mr. Clifford is a specialist in evaluating real estate economic feasibility, completing land use entitlement processes, and formulating development strategies. He successfully processed tentative and final subdivision maps, secured development financing and acted as project manager in the construction and marketing of the 100-unit Cotati Station project in Sonoma County.

Education and Professional Affiliation

Mr. Clifford graduated from Indiana University in 1974, Bloomington, Indiana, with a Bachelor of Arts degree.

During the years 1979 through 1983, Mr. Clifford completed a curriculum of study in the understanding and application of the theory and practice of appraisal principles. The course subjects include appraisal and economic theory, real property law, finance, and professional ethics, and are presented by the Appraisal Institute, which ultimately awards the MAI (Member of the Appraisal Institute) designation. After satisfying the additional five years of experience requirements, demonstration reports, and successfully completing a Comprehensive Exam, he was awarded the MAI designation in 1983.

John C. Clifford, MAI
December 20, 2021

Bill Magleby SR/WA
SENIOR REAL ESTATE AGENT
SANTA CLARA VALLEY WATER DISTRICT
5750 Almaden Expressway, San Jose CA 95118
bmagleby@valleywater.org
Tel. (408) 630-2267 Cell. (408) 472-2416



CLIFFORD
ADVISORY
LLC

Real Estate Valuation

RE: Valuation Statement
Limited Utility Parcel
Parcel 3 – 10,925 SF
Manzano Way
Portion of Assessor's Parcel Number
APN 104-28-066
Sunnyvale, CA

Mr. Magleby,

As you know, I completed an appraisal to estimate the Fair Market Value of a limited utility parcel. The subject is identified as **Parcel 3** that contains 10,925 SF and is also slightly irregular but generally rectangular in shape. The subject property was described more fully in the appraisal update report dated February 25, 2021, and a narrative appraisal report dated September 15, 2019 prepared for the property owner, City & County of San Francisco, by and through its Public Utilities Commission Real Estate Division. It is my understanding you have both reports in possession as authorized by the property owner.

For the February 25, 2021 update appraisal report I investigated and summarize prevailing market conditions, noted relevant market activity and conclude a current value estimate consistent with Hypothetical Conditions and Extraordinary Assumptions relied upon for the 2019 valuation. However, for the update, one other Extraordinary Assumption is noted. The user is directed to the Extraordinary Assumption related to the impact of the Covid-19 Pandemic appearing on page 2, and as well it's possession and their review of the prior 2019 Complete Appraisal Report, that presents a detailed description of the site, its Highest and Best Use and its competitive market appeal. This valuation statement is not intended to duplicate the contents of the September 2019 and February 2021 valuation reports, other than below, but to address pertinent factors and market conditions deemed to influence market value as of a current effective date of value on December 20, 2021.

*The subject **Parcel 3** contains **10,925 SF** and it is slightly irregular but generally rectangular in shape. Parcel 3 adjoins the concrete flood control wall on east bank of Calabazas Creek but not within the stream channel. A portion is improved with a concrete ramp structure that is a segment of a pedestrian/bicycle trail. The ramp provides access to a bridge that crosses the creek to connect with a trail on the opposite side of the creek in the city of Santa Clara. The concrete ramp is elevated and allows public use that significantly inhibits typical privacy for residential use of the adjacent **Parcels 1 and 2**. A segment of a Santa Clara Valley Water District service road is located on the property and the service road extends both north and south from the subject property. Parcel 3 is rendered unbuildable by lack of access.*

Based on the property descriptions and the functional utility of Parcel 3, the probable physically possible use of Parcel 3 is continuation of the existing vacant land use. There does not appear to economic uses that meet the threshold tests of physical possibility and legal permissibility. The range of uses is severely constrained by the physical characteristics of the land. Among other things, it lacks access and utilities, both of which are necessary to support development. As discussed previously, there is a limited market for limited utility parcels

like the subject. I have reached out to various market contacts, including some of those confirming prior reported market transactions. Based on that effort I am not aware of any subsequent or additional truly comparable transactions for comparison. Given the limited use characteristics of the subject property, and its limited market, I conclude the current value is unchanged, and is as otherwise stated previously, at:

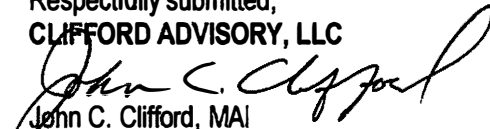
THIRTY THREE THOUSAND DOLLARS

\$ 33,000

The valuation stated herein is subject to the conditions and assumptions stated on the previous reports

Respectfully submitted,

CLIFFORD ADVISORY, LLC



John C. Clifford, MAI

SCGREA Certificate No. AG007177



TO: Rosanna Russell, Director of Real Estate SFPUC
FROM: Andrico Q. Penick, Director of Property
DATE: January 19, 2022
RE: Approval of Appraisal Update Report (Fair Market Value) –
Parcel 3 – 10,925 sq ft, Manzano Way, Sunnyvale, California

BACKGROUND

In September 2019, the San Francisco Public Utilities Commission (“PUC”) requested an appraisal to determine the fair market value of a limited utility parcel located on Manzano Way, in Sunnyvale’s Lakewood subdivision district (“Parcel 3”). John C. Clifford, MAI, Clifford Advisory, LLC, (“Appraiser”) completed a narrative appraisal report of Parcel 3, dated September 15, 2019, (“Original Appraisal”). Parcel 3 consists of 10,925 square feet and adjoins a concrete flood control wall on the east bank of Calabazas Creek. Subsequently, an updated appraisal report was prepared on February 25, 2021 (“Appraisal Update”). Given the Appraisal Update was prepared more than 10 months ago, the PUC requested the Appraiser to provide an analysis of the Appraisal Update and a statement confirming the fair market value or any prospective changes to the value (“Valuation Statement”).

METHODOLOGY

The Appraiser investigated and summarized prevailing market conditions and noted relevant market activity in the Appraisal Update. The Appraiser opined that the value estimate at the time, was consistent with the hypothetical conditions and extraordinary assumptions relied upon in the 2019 Original Appraisal. In the Appraisal Update, the Appraiser called attention to an additional extraordinary assumption related to the impacts of the Covid-19 Pandemic, as well as the Original Appraisal review that presented a detailed description of Parcel 3, its Highest and Best Use and the competitive market appeal. The Appraiser affirmed that the Valuation Statement is not intended to duplicate the contents of the Original Appraisal and the Appraisal Update, but to address pertinent factors and market conditions deemed to influence market value, as of a current effective date of value on December 20, 2021.

The Appraiser concluded that the range of use of Parcel 3 is severely constrained by the physical characteristics of the land. The Appraiser opined that due to the property description and lack of functional utility of Parcel 3, its probable physically possible use is the continuation of vacant land use. The Appraiser noted that among other things, there

is a limited market for limited utility parcels and Parcel 3 lacks access and utilities, both of which are necessary to support development.

The Appraiser opined and concluded in the Valuation Statement, that the limited use characteristics of Parcel 3 and the limited market for a limited utility parcel, support his opinion that the current fair market value remains unchanged and is otherwise, as previously stated in the Original Appraisal as follows:

Fair Market Value ("FMV") of Parcel 3 is \$33,000.00.

Upon review of the Valuation Statement, I concur with the Appraiser's methodology, valuation and findings.

Accepted By:

A handwritten signature in blue ink, appearing to read "Andrico Q. Penick", is written over a horizontal line.

Andrico Q. Penick
Director of Property

1/24/22

John C. Clifford, MAI



Real Estate Valuation ■ Arbitration

April 28, 2021

Mr. RAHN K. SPRINGER, SR/WA
ASSOCIATE REAL ESTATE AGENT
Real Estate Services Unit
Santa Clara Valley Water District
5750 Almaden Expressway, San Jose CA 95118
Tel. (408) 630-3054

RE: **Appraisal Update Report – APN Correction**
Limited Utility Parcel
Parcel 3 – 10,925 SF
Manzano Way
Portion of Assessor's Parcel Number
104-28-066
Sunnyvale, CA

Mr. Springer,

Upon your review of the Fair Market Value appraisal report dated February 25, 2021, it has been determined there is an errant reference to the Santa Clara County Assessor's Parcel Number. The errant reference includes APN 104-28-066 and 104-28-069. The illustration on page 12 of the report best shows the subject property appraised as the singular parcel referenced as APN 104-28-066. The subject property EXCLUDES 104-28-069. This correction letter shall be appended to the narrative report for use by the parties in any pending ownership transfer.

Respectfully submitted,
CLIFFORD ADVISORY, LLC

A handwritten signature in blue ink that reads 'John C. Clifford'.

John C. Clifford, MAI
SCGRE Certificate No. AG007177

145 Town Center # 408 • Corte Madera, California 94925
PH• 415•269•0370

Email:john.clifford@cliffordadvisory.com
Clifford Advisory is a Limited Liability Company





**San Francisco
Water Power Sewer**
Services of the San Francisco Public Utilities Commission


December 18, 2015

The Water Enterprise has jurisdiction over the Manzano Way Lots on Manzano Way in Sunnyvale, California. This property is not essential to the SFPUC's utility needs.

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

By:  Date: 1/7/16
Steven Ritchie
Assistant General Manager,
Water Enterprise

By:  Date: 12/31/15
Barbara Hale
Assistant General Manager,
Power Enterprise

By:  Date: 12.18.15
Tommy Moala
Assistant General Manager,
Wastewater Enterprise



SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Date: February 4, 2020
Case No. **Case No. 2019-023398GPR**
Manzano Way (Sunnyvale)

Block/Lot No.: APN 104-280-69 and a portion of APN 104-280-66
Project Sponsor: San Francisco Public Utilities Commission
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102

Applicant: Rosanna S. Russell
San Francisco Public Utilities Commission
525 Golden Gate Avenue, 10th Floor
San Francisco, CA 94102
(415) 487-5210
rsrussell@sfgwater.org

Staff Contact: Andrea Nelson – (415) 575-8723
andrea.nelson@sfgov.org

Recommendation: Finding the project, on balance, is **in conformity** with
the General Plan

Recommended
By: 
John Rahaim, Director of Planning

PROJECT DESCRIPTION

The Project is the City's proposed sale of a portion of Manzano Way and APN 104-280-66 (AKA Subject Property) in the City of Sunnyvale, California. The San Francisco Public Utilities Commission (SFPUC) executive management has deemed the Subject Property unessential to the SFPUC's utility needs. The City proposes to (a) dedicate Manzano Way as a street parcel to the City of Sunnyvale, (b) convey a portion of APN 104-280-66 to be sold as two residential lots (Parcels 1 and 2), (c) convey a portion to Valley Water for public facilities (Parcel 3), and (d) the SFPUC will retain the remainder for Pipeline Right of Way.

The submittal is for a General Plan Referral to recommend whether the Project is in conformity with the General Plan, pursuant to Section 4.105 of the Charter, and Section 2A.52 and 2A.53 of the Administrative Code.

ENVIRONMENTAL REVIEW

The project was determined to be categorically exempt under CEQA Guidelines Section 15312 on February 10, 2020 (Planning Case No. 2019-023398PRJ).

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The Project is the City's proposed sale of a portion of Manzano Way and APN 104-280-66 (AKA Subject Property) in the City of Sunnyvale, California. The Project is consistent with the Eight Priority Policies of Planning Code Section 101.1 as described in the body of this letter and is, on balance, **in-conformity** with the following Objectives and Policies of the General Plan:

ENVIRONMENTAL PROTECTION ELEMENT

OBJECTIVE 5

ASSURE A PERMANENT AND ADEQUATE SUPPLY OF FRESH WATER TO MEET THE PRESENT AND FUTURE NEEDS OF SAN FRANCISCO.

POLICY 5.1 - Maintain an adequate water distribution system within San Francisco.

POLICY 5.2 - Exercise controls over development to correspond to the capabilities of the water supply and distribution system.

POLICY 5.3 - Ensure water purity.

The Project supports the City's fresh water supply by selling unnecessary parcels and retaining the remainder of the parcels for Pipeline Right of Way.

The revenue from the property sale will be recognized as miscellaneous revenue for the Water Enterprise and will be closed out to Fund Balance at the end of the fiscal year. The Fund Balance supports the Enterprise's core mission and provides reserves required under the debt (bonds) indenture. The revenues will allow the SFPUC, including the Water Enterprise, to achieve the objective and policies stated above.

COMMUNITY SAFETY ELEMENT

OBJECTIVE 2

BE PREPARED FOR THE ONSET OF DISASTER BY PROVIDING PUBLIC EDUCATION AND TRAINING ABOUT EARTHQUAKES AND OTHER NATURAL AND MAN-MADE DISASTERS, BY READYING THE CITY'S INFRASTRUCTURE, AND BY ENSURING THE NECESSARY COORDINATION IS IN PLACE FOR A READY RESPONSE.

POLICY 2.8 – Ensure potable water is available in an emergency.

POLICY 2.9 – Develop agreements with private facilities to ensure immediate supply needs can be met.

The Project supports the availability of fresh water in cases of emergency by ensuring that the necessary Water Line Easements are in place to allow the City access to water delivery infrastructure for maintenance and operational purposes.

The proposed properties for sale are currently street parcels and vacant land and will be sold as is. Funds from the sale will be applied to projects that meet the core mission of the SFPUC, meeting the core mission will help with the City's earthquake preparedness.

URBAN DESIGN ELEMENT

POLICY 2.8

Maintain a strong presumption against the giving up of street areas for private ownership or use, or for construction of public buildings.

The sale of the properties in the City of Sunnyvale will not affect property located within the City & County of San Francisco. The sale of the portion of Manzano Way would not constitute the giving up of street area and will remain publicly accessible.

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

Eight Priority Policies Findings

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

The Project would have no adverse effect on neighborhood serving retail uses or opportunities for employment in or ownership of such businesses.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

The Project would have no adverse effect on the City's housing stock or on neighborhood character. The existing housing and neighborhood character will not be negatively affected.

- 3. That the City's supply of affordable housing be preserved and enhanced.

The Project would have no adverse effect on the City's supply of affordable housing.

- 4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The Project would not result in commuter traffic impeding MUNI's transit service, overburdening the streets or altering current neighborhood parking.

- 5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.

The Project would not affect the existing economic base in this area.

- 6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project would not adversely affect achieving the greatest possible preparedness against injury and loss of life in an earthquake. It would improve the City's ability to respond to injuries caused by earthquakes and other emergencies.

- 7. That landmarks and historic buildings be preserved.

This site does not have Landmarks or historic buildings do not exist on these parcels.

- 8. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project includes the sale of Parcels 1 and 2 in Sunnyvale as residential lots. San Francisco's parks and open space and their access to sunlight and vistas will be protected from development.

RECOMMENDATION:	Finding the Project, on balance, in-conformity with the General Plan
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GENERAL PLAN REFERRAL

CASE NO. 2019-023398GPR
CITY SALE OF LEASE AND/OR PURCHASE OF
APN 104-280-69 AND A PORTION OF APN 104-280-66

*\\citypln-InfoVol\InfoDrive\Citywide\General Plan\General Plan Referrals\2019\2019-023398GPR - Manzano Way
(Sunnyvale)*



TO: Angela Calvillo, Clerk of the Board

FROM: Jeremy Spitz, Policy and Government Affairs

DATE: May 19, 2022

SUBJECT: [Sale Agreement – Sale of 10,925 Square Feet of Portion of APN 104-28-066 in Sunnyvale, Santa Clara County, California - \$33,000]

Please see attached a proposed Resolution 1) approving and authorizing the sale to Santa Clara Valley Water District for \$33,000 of approximately 10,925 square feet of real property located near Manzano Way in Sunnyvale, California; 2) adopting findings declaring that the property is “surplus land” and “exempt surplus land” pursuant to the California Surplus Lands Act; 3) adopting findings under Administrative Code, Section 23.3, that offering the property for sale through competitive bidding would be impractical and not in the public interest; 4) affirming the Planning Department’s determination under the California Environmental Quality Act; 5) adopting findings that the sale of the property is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and 6) authorizing the SFPUC General Manager and/or City’s Director of Property to execute documents, make certain modifications, and take certain actions in furtherance of this Resolution.

The following is a list of accompanying documents:

- Proposed Resolution (Word Doc Version)
- 2021 Appraisal (PDF)
- Appraisal Update Report December 20, 2021 (PDF)
- Approval of Appraisal from Director of Property (PDF)
- Correction of APN Manzano Lot 3 (PDF)
- Executive Team Approving Manzano Way Property (PDF)
- Planning Dept GPR Final Letter Manzano Way (PDF)
- SFPUC Resolution No.22-0070 (PDF)
- SFPUC Conveyance to Valley Water PSA (PDF)

Please contact Jeremy Spitz at jspitz@sfgwater.org if you need any additional information on these items.

London N. Breed
 Mayor

Anson Moran
 President

Newsha Ajami
 Vice President

Sophie Maxwell
 Commissioner

Tim Paulson
 Commissioner

Dennis J. Herrera
 General Manager

