



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

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## **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. To the right of the signature, the date "1/24/22" is handwritten.

Andrico Q. Penick  
Director of Property