



Edwin M. Lee, Mayor  
Naomi M. Kelly, City Administrator



John Updike  
Director of Real Estate

June 16, 2016

BlueLine Rentals, LLC  
9401 New Trails Drive, Suite 150  
The Woodlands, TX 77380  
Attention: Cliff Eckberg

Subject: Notice of Right to Claim of Loss of Business Goodwill - BlueLine Rentals, LLC  
Notice of Intent to Appraise by City  
Offer to Pay Reasonable Costs of Appraisal Up to \$5,000  
1975 Galvez Avenue, San Francisco, California (Block 5250, Lot 016)

Dear Mr. Eckberg:

As you know, BlueLine Rentals, LLC ("BlueLine"), currently conducts its business on the above-referenced property which the City and County of San Francisco ("City") recently acquired to construct its General Services Administration's Fleet Management Central Shops facility ("Project").

This letter serves as the City's:

- (a) Notice of BlueLine's Right to Claim Loss of Business Goodwill,
- (b) Notice of its Intent to Appraise BlueLine's Business Goodwill, and
- (c) City's Offer to Pay the Reasonable Costs of an Appraisal Up to \$5,000.

Pursuant to California Code of Regulations, Title 25, Section 6182, the City gives notice that BlueLine has the right to claim a loss of business goodwill. Under California Code of Civil Procedure Section 1263.510, the owner of a business shall be compensated for loss of goodwill if the owner proves all of the following: (1) The loss is caused by the taking of the property; (2) The loss cannot reasonably be prevented by a relocation of the business or by taking steps and adopting procedures that a reasonably prudent person would take and adopt in preserving the goodwill; (3) Compensation for the loss will not be included in payments under Government Code Section 7262; and (4) Compensation for the loss will not be duplicated in the compensation otherwise awarded to the business owner.

In addition, pursuant to CCR Section 6184, the City gives notice that it will be conducting an appraisal of BlueLine's business goodwill and furniture, fixtures and equipment ("FF&E") and any claim of loss of goodwill, if any. The City requests that BlueLine allow the City's appraisers to tour the business and gives notice that BlueLine may accompany these appraisers on any tour.

Finally, under California Code of Civil Procedure Section 1263.025, if you wish to seek an independent appraisal of your personal property and/or loss of business goodwill, the City will pay the reasonable costs of one appraisal in an amount not to exceed \$5,000. The appraisal must be conducted by an independent appraiser and the City must receive a copy of an invoice for the work conducted.

Should you have any questions please contact Jeff Suess at (415) 554-9873 or email at [jeff.suess@sfgov.org](mailto:jeff.suess@sfgov.org).

Sincerely,



John Updike  
Director of Property

cc: Karen Eddleman  
Associated Right of Way Services, Inc.

Enc.: Code of Civil Procedure Sections 1263.010 – 1263.025; 1263.510 – 1263.530  
California Code of Regulations, Title 25, Sections 6182, 6184

## CODE OF CIVIL PROCEDURE

### SECTION 1263.010-1263.025

1263.010. (a) The owner of property acquired by eminent domain is entitled to compensation as provided in this chapter.

(b) Nothing in this chapter affects any rights the owner of property acquired by eminent domain may have under any other statute. In any case where two or more statutes provide compensation for the same loss, the person entitled to compensation may be paid only once for that loss.

1263.015. At the request of an owner of property acquired by eminent domain, the public entity may enter into an agreement with the owner specifying the manner of payment of compensation to which the owner is entitled as the result of the acquisition. The agreement may provide that the compensation shall be paid by the public entity to the owner over a period not to exceed 10 years from the date the owner's right to compensation accrues. The agreement may also provide for the payment of interest by the public entity; however, the rate of interest agreed upon may not exceed the maximum rate authorized by Section 16731 or 53531 of the Government Code, as applicable, in connection with the issuance of bonds.

1263.020. Except as otherwise provided by law, the right to compensation shall be deemed to have accrued at the date of filing the complaint.

1263.025. (a) A public entity shall offer to pay the reasonable costs, not to exceed five thousand dollars (\$5,000), of an independent appraisal ordered by the owner of a property that the public entity offers to purchase under a threat of eminent domain, at the time the public entity makes the offer to purchase the property. The independent appraisal shall be conducted by an appraiser licensed by the Office of Real Estate Appraisers.

(b) For purposes of this section, an offer to purchase a property "under a threat of eminent domain" is an offer to purchase a property pursuant to any of the following:

(1) Eminent domain.

(2) Following adoption of a resolution of necessity for the property pursuant to Section 1240.040.

(3) Following a statement that the public entity may take the property by eminent domain.

---

## CODE OF CIVIL PROCEDURE

### SECTION 1263.510-1263.530

1263.510. (a) The owner of a business conducted on the property taken, or on the remainder if the property is part of a larger parcel, shall be compensated for loss of goodwill if the owner proves all of the following:

(1) The loss is caused by the taking of the property or the injury to the remainder.

(2) The loss cannot reasonably be prevented by a relocation of the business or by taking steps and adopting procedures that a reasonably prudent person would take and adopt in preserving the goodwill.

(3) Compensation for the loss will not be included in payments under Section 7262 of the Government Code.

(4) Compensation for the loss will not be duplicated in the compensation otherwise awarded to the owner.

(b) Within the meaning of this article, "goodwill" consists of the benefits that accrue to a business as a result of its location, reputation for dependability, skill or quality, and any other circumstances resulting in probable retention of old or acquisition of new patronage.

(c) If the public entity and the owner enter into a leaseback agreement pursuant to Section 1263.615, the following shall apply:

(1) No additional goodwill shall accrue during the lease.

(2) The entering of a leaseback agreement shall not be a factor in determining goodwill. Any liability for goodwill shall be established and paid at the time of acquisition of the property by eminent domain or subsequent to notice that the property may be taken by eminent domain.

1263.520. The owner of a business who claims compensation under this article shall make available to the court, and the court shall, upon such terms and conditions as will preserve their confidentiality, make available to the plaintiff, the state tax returns of the business for audit for confidential use solely for the purpose of determining the amount of compensation under this article. Nothing in this section affects any right a party may otherwise have to discovery or to require the production of documents, papers, books, and accounts.

1263.530. Nothing in this article is intended to deal with compensation for inverse condemnation claims for temporary interference with or interruption of business.

---