

Replacement +

#20

SEP 25 2008

MEMO TO: Mayor and City Council

THRU: Mary Wade, Chandler City Attorney *mw*

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

SUBJECT: Authorization to terminate contract for purchase of real property located north of the northwest corner of Kyrene Road and the Loop 202 (Santan Freeway)

DATE: September 19, 2008

RECOMMENDATION: Staff requests authorization to terminate purchase contract and escrow.

BACKGROUND/DISCUSSION: On June 26, 2008, Council approved a contract with ICP D100, LLC for the purchase of property located north of the northwest corner of Kyrene Road and the Loop 202 (Santan Freeway). At that time, staff advised that the acquisition would allow the City to assemble the property with adjacent land already owned by the City in order to create a future economic development opportunity. Staff has worked through several configurations to combine the subject property with Chandler's existing property to the southwest and has concluded that, when combined, it does not create a cohesive business park for future development.

The purchase contract was executed and escrow was opened. The contract provided for a 90-day Inspection Period, which staff characterized as a "90-day option" period, during which the City could examine the physical condition and research the title status of the property and could approve or reject the condition of the Property and the economic feasibility of the transaction. The Inspection Period ends on September 29, 2008. With the challenges noted above, Staff recommends that the contract be terminated.

When Council approved the contract, Council did not delegate to any city official responsibility for determining whether or not to terminate the agreement during the Inspection Period. Accordingly, Council is now requested to authorize the termination of the purchase contract and to authorize the City Manager or his delegatee to give notice of the termination pursuant to the terms of the purchase contract.

FINANCIAL IMPLICATIONS: Termination of the purchase contract will avoid the City having to pay the \$12+ million purchase price.

PROPOSED MOTION: Move to authorize the City of Chandler to terminate the purchase contract and acquisition of that certain real property previously approved on June 26, 2008, and to authorize the City Manager or his delegatee to take all steps required to terminate the purchase contract.

GAB/