



July 12, 2016

**RE: Final Offer Letter
North Truckee Drain Realignment Project
APN: 034-172-18
APN: 034-172-19**

Jerome D. Krug, Jr. and Beth A. Krug
Jerry T. Bellon and Colleen L. Bellon
P. O. Box 2602
Truckee, CA 96160

Dear Property Owners:

This letter is in response to your recent correspondence to Mr. Steven Harris, dated June 22, 2016 regarding on-going negotiations with the City of Sparks (City) to acquire both permanent and temporary construction easements on the property you own, known as Washoe County Assessor's Parcel Numbers 034-172-18 and 034-172-19 for the North Truckee Drain Realignment Project (Project).

With this letter I would like to address each of the items/concerns you have outlined in your letter in an effort to negotiate a settlement for the easements that is fair and equitable to both parties.

1. Access During Construction

The City will provide mapping to verify those areas of the property proposed for temporary access by the City's contractor during construction of the project.

2. Damage to the Remainder Parcel

The first item regarding damages pertains to your concerns about the duration of the Temporary Construction Easement (TCE) and potential impact to your tenants. The City proposes to reduce the proposed 5 year term of the TCE to 2 years, with the understanding construction will occur sometime within that two year period and the time to complete construction is estimated to take 6 months from the time the contractor begins work on the site. Your tenants are eligible to receive relocation

benefits for the cost associated with relocating any personal property within the permanent and temporary easement areas as a part of the City's relocation program, this may also include the cost for any temporary off-site parking for the duration of construction. These benefits will be presented to your tenants and explained by the City's relocation consultant.

Additionally you have questioned the difference of opinion regarding two independent appraisals of the property prepared for the City, specifically in the approach used by each appraiser to value damages to the remainder parcel as a result of the City's acquisition of the permanent easement. Although you have not provided your own independent appraisal to support a third opinion regarding damages, the City is willing propose a value of \$196,000 as compensation for damages.

3. Identified Larger Parcel

The City will stand by Mr. Schiffmacher's larger parcel analysis and as stated on page 36 of the appraisal report.

"The analysis of a property when condemnation is a possibility requires the appraiser to make a determination of a "larger parcel". Guidance for determination of a larger parcel is found in the Uniform Appraisal Standards for Federal Land Acquisition. The larger parcel is defined as, "that tract or tracts of land, which possesses a unity of ownership and have the same, or an integrated highest and best use. Elements of consideration by the appraiser in making a determination in this regard are contiguity or proximity as it bears on the highest and best use of the property, unity of ownership and unity of highest and best use."

The project schedule is moving quickly, the City in an effort to negotiate in good faith and avoid litigation to obtain the property rights is prepared to present you with this final offer for compensation and broken down as follows:

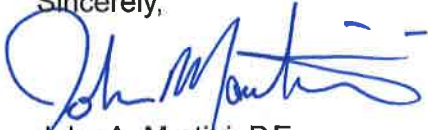
Permanent Easement Value (31,324 sf X \$8.00 sf X .5)	\$125,296
Temporary Construction Easement Value (81,471 sf – 31,324 sf X \$8.00 sf X .09 X 2)	\$ 72,212
Damages	\$196,900
Pavement Replacement	<u>\$ 94,334</u>
Total	\$488,742

This final offer is subject to approval by the Sparks City Council and mutual execution of a Purchase Agreement to be prepared and submitted to you for signature upon your acceptance of this Offer to Purchase.

Please note that if the eminent domain process is pursued, the City's statutory deposit will be based on a current appraised value established by Robert E. Schiffmacher and interests to be acquired at **\$319,544.00**.

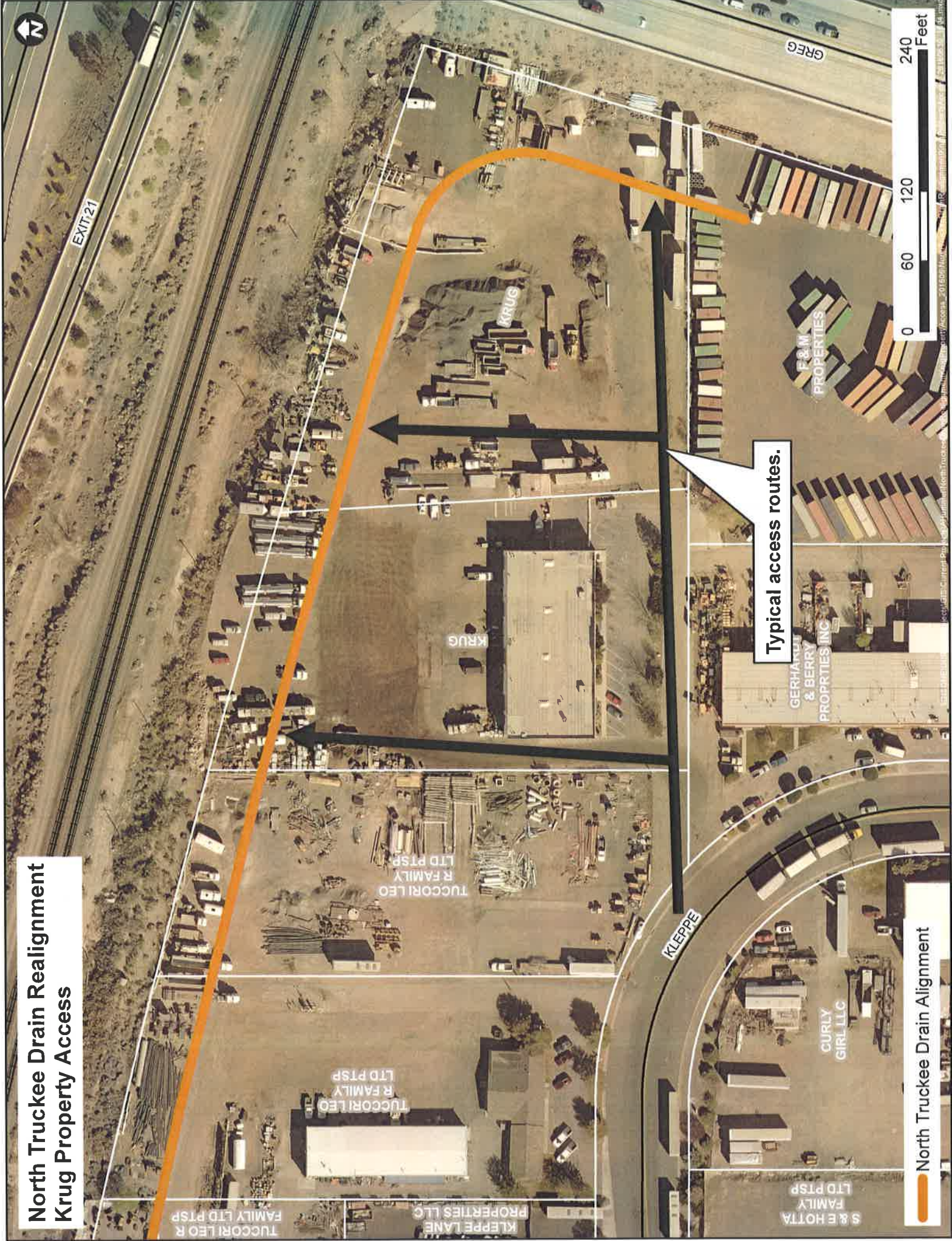
We would appreciate your response to this offer to purchase no later than July 29, 2016. If you do not respond by this date, we will presume that you do not intend to respond and we will then determine whether to declare an impasse to our negotiations. If you have any questions or need additional information, please feel free to contact Mr. Steven Harris at 800-400-7356.

Sincerely,



John A. Martini, P.E.
Community Services Director

North Truckee Drain Realignment Krug Property Access



Typical access routes.

North Truckee Drain Alignment

0 60 120 240 Feet

Krug easement calculation review

Parcel APN	034-172-18	034-172-19	Combined
Total Area (sf)	87556	104021	191577
Permanent Ease (sf)	9890	21434	31324
Temporary Ease (sf)	23239	58232	81471
Temp outside permanent			50147
"orphaned area"	7700	22177	29877
Total "impacted" area			61201
Total "unimpacted" area			130375

Square foot value	\$ 8.00		
Value of Property	\$ 1,540,000	(rounded up)	
Permanent ease value	\$ 125,296	Value factor	0.5
Value of Remainder	\$ 1,414,704	Temp years	2
After Value	\$ 1,287,804		
Damages	\$ 126,900		
Temporary easement	\$ 72,212		
After Value		After Value	\$ 4.00
		Return rate	9%

Compensation \$ 324,408

*calculations by Andrew Hummel, P.E., City of Sparks. 06/30/2016

4/7/16

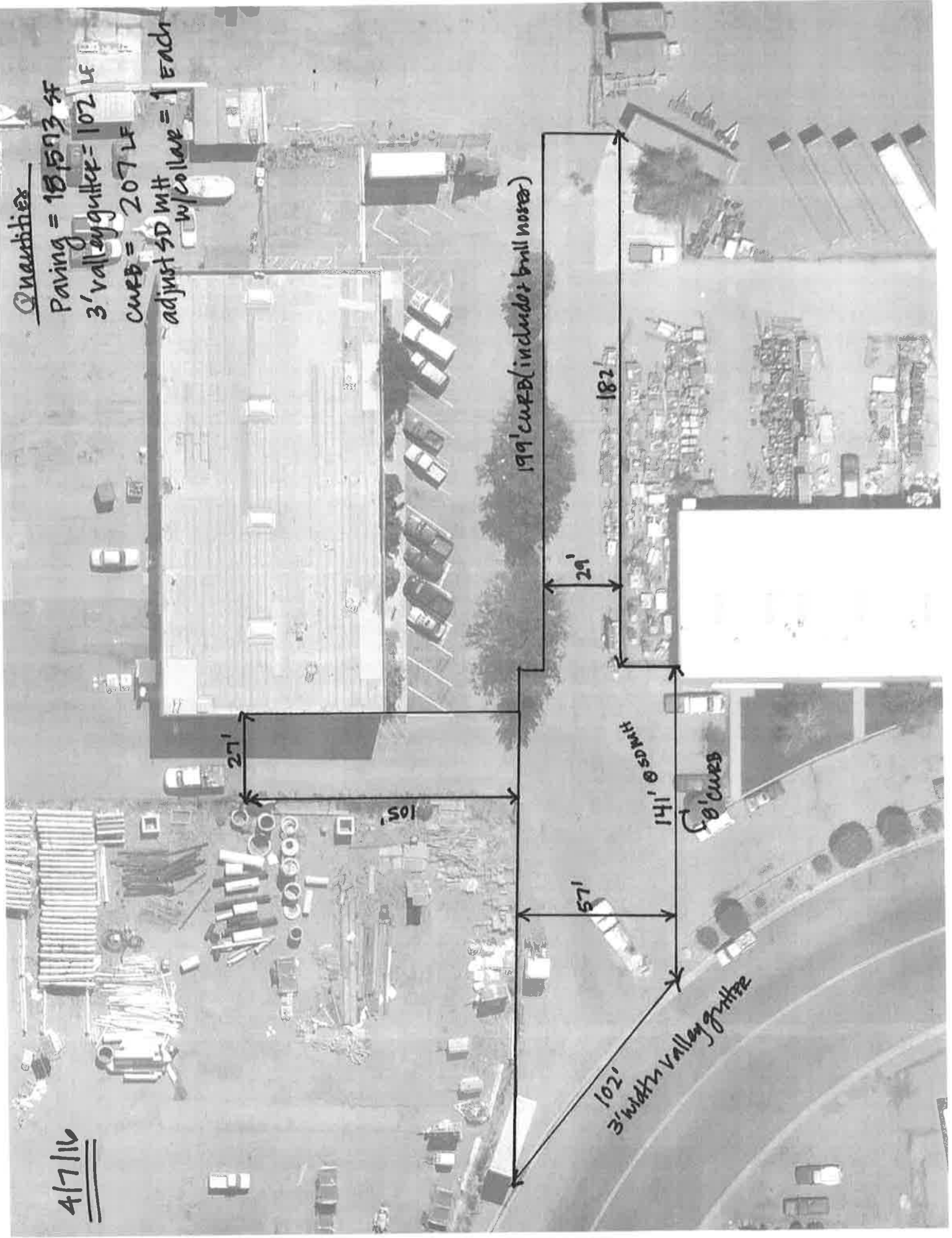
Quantities

Paving = 18,573 SF

3' valley gutter = 102 LF

curb = 207 LF

adjust SD with
w/collar = 1 Each



199' curb (includes bull nose)

182'

29'

271'

102'

57'

141' @ 50 MPH

50' curb

102' 3' width valley gutter