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CITY OF OAKLAND



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JANUARY 20, 2004

IGNACIO DE LA FUENTE, PRESIDENT
CITY COUNCIL
OAKLAND, CALIFORNIA

PRESIDENT DE LA FUENTE AND MEMBERS OF THE CITY COUNCIL

SUBJECT: AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO PURCHASE AND SALE AGREEMENTS FOR THE SALE OF CITY OWNED SURPLUS PROPERTY FROM THE NEGOTIATED SALE TO THE FOLLOWING HIGHEST BIDDERS: (APN 045-5304-057-02, 056 FOR \$150,000) R J INVESTMENTS, L.L.C.; AND (APN 048D-7303-067 FOR \$50,000 AND APN 048D-7303-068 FOR \$50,000) WAYNE HUEY

PURPOSE AND SCOPE

In accordance with the Measure H Charter Amendment, which was passed by the voters at the General election of November 5, 1996, we have made an impartial financial analysis of the accompanying Council Agenda Report and Proposed Ordinance.

Since the Measure H Charter Amendment specifies that our impartial financial analysis is for informational purposes only, we did not apply Generally Accepted Government Auditing Standards as issued by the Comptroller General of the United States. Moreover, the scope of our analysis was impaired by Administrative Instruction Number 137, effective May 21, 1997, which provides only seven (7) calendar days for us to plan, perform and report on our analysis.

SUMMARY

As authorized by the City Council, Real Estate Services staff conducted a public auction of eleven City-owned surplus properties and received oral bids on them. However, as instructed by the Council, staff has conducted negotiated sales of the three subject properties with interested buyers in order to maximize the sales proceeds.

The following table compares the results of the auction and negotiated sales process:

<u>Parcel No., and Address</u>	<u>Auction Bid Amount</u>	<u>Negotiated Sales Amount</u>
045-5304-057-02, 056 600-620 98th Ave	\$ 140,000	\$ 150,000
0458D-7303-067 6298 Westover Drive	50,000	50,000
048D-7303-068 6300 Westover Drive	<u>50,000</u>	<u>50,000</u>
Totals	<u>\$ 240,000</u>	<u>\$ 250,000</u>

FISCAL IMPACT

The successful bidders will pay all closing costs including, but not limited to, recording fees, transfer and sales tax, and title insurance.

After Real Estate Services has been reimbursed \$10,000 for all administrative and related costs associated with the public auction and sale of these properties (Fund 1010, Org. 88639, Project P47010), the remaining sales proceeds estimated at \$240,000 could be placed into the City's General Fund.

In addition to the sales proceeds, the City will receive its share of the future property taxes once the property has been returned to the property tax rolls (estimated at \$2,000 per year) and will save the City the ongoing maintenance (estimated at \$3,000 per year) and liability costs associated with the properties.

CONCLUSION

The Proposed Ordinance appears to be reasonable.

Prepared by:



Jack McGinity, CPA

Report completion date:

December 17, 2003

Issued by:



Roland E. Smith, CPA, CFS

City Auditor