

# CITY OF OAKLAND

OFFICE OF THE CITY CLERK

## Agenda Report

2006 JAN 23 AM 9:57

TO: Office of the City Administrator  
ATTN: Deborah Edgerly, City Administrator  
FROM: Community and Economic Development Agency  
DATE: January 10, 2006

**RE: An Ordinance authorizing the City Administrator to accept the Offer to Purchase Agreements to sell to Brian Collins and Mehrdad Dokhanchi (highest bidder) approximately 11,500 square feet of City owned surplus real property located at Mandela Parkway (APN# 005-0421-00) for the fair market value of \$415,000; Julia B. Kim (highest bidder) approximately 6,800 square feet of City owned surplus real property located at 632 14<sup>th</sup> Street (APN# 003-0071-024) for the fair market value of \$1,150,000; Kevin Bao Phan (highest bidder) approximately 11,390 square feet of City owned surplus real property located at 862/850 98<sup>th</sup> Avenue (APN# 045-5230-001-01 & 045-5230-003-03) for the fair market value of \$630,000; and Julia B. Kim (highest bidder) approximately 5,932 square feet of City owned surplus real property located at 569 High Street/Howard Street (APN# 033-2250-001-04) for the fair market value of \$500,000.**

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### SUMMARY

The City Council approved the public auction of the City-owned surplus properties. Resolution 79530 C.M.S., dated October 18, 2005, authorized the City of Oakland (City) to conduct a public auction for the sale of eight (8) surplus properties (Attachment A) owned by the City. The official noticing of the public auction was advertised in the Oakland Tribune newspaper; the Montclarion, El Mensajero, Sing-Tao and the Korean Times; "For Sale" signs were posted on the properties and the Auction Notice was posted on the City's web site. Four of the eight surplus properties were sold at the auction. Approval of the City Council is requested to sell the four City-owned surplus properties sold at the public auction conducted on November 18, 2005 to the highest bidder(s).

The sale, if accepted by the City Council, will be awarded to the highest bidder(s) meeting the conditions specified in the Auction Notice and the Offer to Purchase Agreement. The City reserves the right to reject any and all offers, and waive any informality or irregularity in any offer, or to accept any offer deemed in the best interest of the City.

Staff recommends adoption of this Ordinance authorizing the City Administrator to sell the four City-owned surplus properties sold at the Public Auction to the following high bidders: (1) Brian Collins and Mehrdad Dokhanchi (Mandela Parkway parcel); (2) Julia B. Kim (14<sup>th</sup> Street parcel); (3) Kevin Bao Phan (98<sup>th</sup> Avenue parcel); and (4) Julia B. Kim (High and Howard Street parcel).

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Adoption of this Ordinance satisfies Mayor and City Council Goals by providing opportunities to facilitate new development and by reducing blight and nuisance.

### FISCAL IMPACT

In the Fiscal Year 2005-07 City Budget, the Real Estate Division was tasked with generating one time General Purpose fund revenue in the amount of \$2.56 million dollars through its Asset Management Program. The Real Estate Division identified eight surplus land parcels and prepared them for public auction.

Bids were received on four (4) of the eight (8) properties auctioned. The total dollar amount of the high bids for the four properties is \$2,695,000. The successful bidders (buyers) are responsible for and are required to pay all closing costs including, but not limited to, recording fees, property transfer and sales tax and title insurance.

City Council passed Resolution 79082 C.M.S. in March 2005 authorizing the City to acquire Parcel 3 (862 – 850 98<sup>th</sup> Avenue) for \$326,820 through eminent domain actions against the property owner, Thrifty Oil. The City Attorney's office provided \$131,820 of that acquisition price from their litigation fund to complete the purchase at that time. The highest bid for Parcel 3 (862 – 850 98<sup>th</sup> Avenue) at the auction on November 18, 2005 was \$630,000. Upon approval of this Ordinance, proceeds from the sale of this property will be reduced by \$131,820 to reimburse the City Attorney's Self Insurance Liability (# 1100), Liability Claims Unit Organization (# 90321), Acquisition of Real Property (account # 57120), for a net profit to the City of \$498,180.

The Real Estate Services Division requests reimbursement of all administrative costs associated with the sale of the properties in the amount of \$25,675. Funds will reimburse the General Purpose Fund (#1010), Real Estate Organization (# 88639), Miscellaneous Contract Services (Account #54919); Surplus Property Disposition Project (P47010); Real Estate Services Program (PS32).

City Owned Surplus Properties	Highest Amount Bid	Reimbursable Costs		Totals
		City Attorney's Litigation Fund	Real Estate Administrative Costs	
Mandela Parkway	\$ 415,000			\$ 415,000
14 <sup>th</sup> Street	1,150,000			1,150,000
98 <sup>th</sup> Avenue	630,000	\$131,820		498,180
High and Howard Street	500,000			500,000
Total Auction Bid amounts	\$ 2,695,000			\$ 2,563,180
Less Real Estate Services Administrative Costs			\$ 25,675	( 25,675)
<b>Net Proceeds to General Fund</b>				<b>\$ 2,537,505</b>

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The net sale proceeds of \$2,537,505 will be placed in the General Purpose Fund (#1010), Real Estate Organization (# 88639), Sale of Land Account (#48111), Surplus Property Disposition Project (#P47010), Real Estate Program (#PS32). The sale proceeds will be applied toward the Fiscal Year 2005-07 budget requirement.

In addition, the City will receive its share of future property taxes once the properties are returned to the property tax rolls and will save the ongoing maintenance costs associated with these properties. The purchasers are responsible for all escrow and closing costs and liability exposure.

## **BACKGROUND**

Real Estate Services is continuing its efforts to generate additional revenue and reduce the City of Oakland's maintenance and liability expenses through the proactive identification and disposal of surplus property. The City plans to hold additional auctions until it disposes of all excess surplus property.

## **KEY ISSUES AND IMPACTS**

Real Estate Services conducted a Public Auction and received oral bids on four of the eight properties on November 18, 2005, in City Hall, Hearing Room 3 at 3:00 P.M. The successful bidders for each property, upon making the highest bid, delivered to the City cash, a cashier's check, or money order for a nonrefundable earnest money deposit in an amount representing at least ten percent (10%) of the minimum bid price for each property. Any successful bidder's failure or refusal to complete the purchase of any properties will result in forfeiture of the respective deposit to the City. The successful bidder will be required to complete the transaction within 14 days after the City Council approves the sale.

The Real Estate Services Division will try to sell the four properties that were not sold at the auction to interested parties via a negotiated sale. If Real Estate Services is successful, we will then come back to the City Council for approval of the sales.

These properties are presently a burden on the City because of maintenance and liability concerns and were sold "as is". Selling these properties will maximize the City's economic and non-economic returns by returning the property to the property tax rolls, eliminating ongoing maintenance costs, reducing future litigation exposure and generating additional property tax revenue to the City.

The right, title and interest in each property shall be conveyed by Quitclaim Deed and subject to all matters of public record. The City of Oakland does not assume any liability for possible encumbrances of any kind on these properties. No warranty is made by the City of Oakland relative to the ground locations, property lines or the accuracy of the public records and/or the assessor's parcel maps related to these properties.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** The sale of these properties will take underutilized sites and produce increased revenue for the City from documentary transfer taxes, property taxes and development and permit fees when developed.

**Environmental:** Private ownership of the property will relieve the City of ongoing abatement issues for weed abatement and fire suppression. Some of the properties are in proximity to major public transportation nodes. Development of the properties will likely encourage use of public transit by project residents and possible retail customers, which will ease general pressure on the region's congested transportation infrastructure.

**Social Equity:** The sale of the properties will provide an opportunity for citizens to participate in owning real estate in the City of Oakland and assist in promoting real estate activity in the area, which is consistent with the environmental and recreational goals of the City.

### **DISABILITIES AND SENIOR CITIZEN ACCESS**

Adoption of this Ordinance will have no direct impact on disabled and senior citizen access.

### **RECOMMENDATION AND RATIONALE**

Staff recommends that the City Council approve the Ordinance authorizing the City Administrator to accept the Offer to Purchase Agreements and to sell the properties to the four highest bidders.

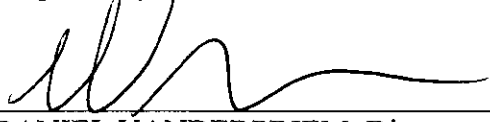
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**ACTION REQUESTED OF THE CITY COUNCIL**

Adoption of the Ordinance is required to authorize the City Administrator to accept the Offer to Purchase Agreements and to sell the properties to the four highest bidders: (1) Brian Collins and Mehrdad Dokhanchi (Mandela Parkway); (2) Julia B. Kim (14<sup>th</sup> Street); (3) Kevin Bao Phan (98<sup>th</sup> Avenue); and (4) Julia B. Kim (High and Howard Street). Staff also requests that the City Administrator be authorized to deposit the net sales proceeds of \$2,537,505 into the Surplus Property Disposition Project P47010 to meet their Fiscal Year 2005-07 budget requirement.

Respectfully submitted,



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DANIEL VANDERPRIEM, Director  
Redevelopment, Economic Development and Housing  
Community and Economic Development Agency

Forwarded by:

Frank Fanelli, Manager  
Real Estate Services

Prepared by:

William Wilkins, Supervising Real Estate Agent  
Real Estate Services

APPROVED FOR FORWARDING TO THE  
FINANCE AND MANAGEMENT COMMITTEE

  
\_\_\_\_\_  
Office of the City Administrator

**RESULTS OF THE CITY OF OAKLAND SURPLUS PROPERTY AUCTION  
HELD NOVEMBER 18, 2005**

The City of Oakland offered the following eight (8) parcels of real property for sale to the highest bidder at public auction.

#	ASSESSOR PARCEL NUMBER (APN)	ADDRESS	BUYER	DEPOSIT	HIGH BID
1	005-0421-00	Mandela Parkway/20 <sup>th</sup> Street	Brian Collins, Mehrdad Dokhanchi	\$ 22,000	\$ 415,000
2	003-0071-024	632 - 14 <sup>th</sup> Street	Julie B. Kim	\$ 67,000	\$ 1,150,000
3	045-5230-001-01 & 045-5230-003-03	862 - 850 98 <sup>TH</sup> Avenue	Kevin Bao Phan	\$ 16,000	\$ 630,000
4	048H-7602-012	Grand View Drive	No Bidder	-0-	No Bids Received
5	048H-7602-013	Grand View Drive	No Bidder	-0-	No Bids Received
6	048H-7602-014	Grand View Drive	No Bidder	-0-	No Bids Received
7	048H-7602-015	Grand View Drive	No Bidder	-0-	No Bids Received
8	033-2250-001-04	569 High Street/Howard Street	Julia B. Kim	\$ 10,600	\$ 500,000

**City of Oakland  
Real Estate Services  
Frank Ogawa Plaza, Suite 4314  
Oakland, CA 94612  
Office: (510) 238-3541, Fax: (510)-238-2240**

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## OAKLAND CITY COUNCIL

ORDINANCE NO. \_\_\_\_\_ C. M. S.

**AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO ACCEPT THE OFFER TO PURCHASE AGREEMENTS TO SELL TO BRIAN COLLINS AND MEHRDAD DOKHANCHI (HIGHEST BIDDER) APPROXIMATELY 11,500 SQUARE FEET OF CITY OWNED SURPLUS REAL PROPERTY LOCATED AT MANDELA PARKWAY (APN# 005-0421-000) FOR THE FAIR MARKET VALUE OF \$415,000; JULIA B. KIM (HIGHEST BIDDER) APPROXIMATELY 6,800 SQUARE FEET OF CITY OWNED SURPLUS REAL PROPERTY LOCATED AT 632 14<sup>TH</sup> STREET (APN# 003-0071-024) FOR THE FAIR MARKET VALUE OF \$ 1,150,000; KEVIN BAO PHAN (HIGHEST BIDDER) APPROXIMATELY 11,390 SQUARE FEET OF CITY OWNED SURPLUS REAL PROPERTY LOCATED AT 862/850 98<sup>TH</sup> AVENUE (APN# 045-5230-001-01 AND 045-5230-003-03) FOR THE FAIR MARKET VALUE OF \$ 630,000; AND JULIA B. KIM (HIGHEST BIDDER) APPROXIMATELY 5,932 SQUARE FEET OF CITY OWNED SURPLUS REAL PROPERTY LOCATED AT 569 HIGH STREET/HOWARD STREET (APN# 033-2250-001-04) FOR THE FAIR MARKET VALUE OF \$500,000.**

**WHEREAS**, the City of Oakland (City) currently owns eight surplus land parcels that the City Council recommended be sold by oral competitive bids at a public auction, pursuant to Ordinance 11602 C.M.S.; and

**WHEREAS**, the City Council adopted Resolution No. 79530 C.M.S., on October 18, 2005, authorizing the Real Estate Services Division to conduct a public auction and receive oral bids at 3:00 P. M. on Friday, November 18<sup>th</sup>, in Hearing Room 3 at City Hall; and

**WHEREAS**, the Official Notice of Public Auction of the eight properties was advertised in the City's official newspaper the Oakland Tribune, "For Sale" signs were posted on the properties, and the Official Notice of Sale was posted on the City's web site; and

**WHEREAS**, bids and non-refundable security deposits in the amount of \$115,600 were received for four (4) of the eight (8) surplus properties at the Public Auction; and

**WHEREAS**, each property is to be sold in "AS-IS" condition and the City makes no representations with respect to the land use or other permitting issues that may affect these properties or with respect to buyer's ability to develop or improve these properties; and

**WHEREAS**, the right, title and interest in these properties shall be conveyed by Quitclaim Deed and subject to all matters of public record; and

**WHEREAS**, any successful bidder's failure or refusal to complete the purchase of any property as required shall result in a forfeiture of the respective security deposit to the City; and

**WHEREAS**, the sale of each property authorized by the City Council shall be awarded to the highest bidder meeting the conditions specified in the Auction Notice and Purchase and Sales Agreement; and

**WHEREAS**, the City reserves the right to reject any and all offers and waive any informality or irregularity in any offer or to accept any offer deemed in the best interest of the City; and

**WHEREAS**, it can be said with certainty that there is no possibility that the conveyance of the Property by the City to the Purchaser may have a significant effect on the environment and therefore said conveyance is exempted from the requirements of the California Environmental Quality Act ("CEQA") by section 15061(b)(3) of the CEQA Guidelines (general rule); now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1: The City Council finds and determines that the herein-described real property is not needed for any public purpose and is surplus to the needs of the City.

SECTION 2: The City Administrator, or her designee, is authorized to accept the offers and execute the Offer to Purchase Agreements for the following City-owned surplus properties from 1) Brian Collins and Mehrdad Dokhanchi (highest bidder), approximately 11,500 square feet located at Mandela Parkway (APN# 005-0421-00) for the fair market value of \$415,000; 2) Julia B. Kim (highest bidder), approximately 6,800 square feet located at 632 14<sup>th</sup> Street (APN# 003-0071-024) for the fair market value of \$1,150,000; 3) Kevin Bao Phan (highest bidder), approximately 11,390 square feet located at 862/850 98<sup>th</sup> Avenue (APN# 045-5230-001-01 & 045-5230-003-03) for the fair market value of \$630,000; and 4) Julia B. Kim (highest bidder), approximately 5,932 square feet located at 569 High Street/Howard Street (APN# 033-2250-001-04) for the fair market value of \$500,000; and to execute on each Property a Quitclaim Deed conveying the Property.

SECTION 3: The net sale proceeds of \$2,563,180 will be placed in the General Purpose Fund (#1010), Real Estate Organization (# 88639), Sale of Land Account (# 48111), Surplus Property Disposition (# P47010), Real Estate Program (# PS32). The sale proceeds will be applied toward the Fiscal Year 2005-07 budget.

SECTION 4: The net sales proceeds of \$2,563,180 deposited in the Surplus Property Disposition Project (# P47010) shall be applied to meet Real Estate Services' Fiscal Year 2005-07 budget requirement.



SECTION 5: Real Estate Services Division's administrative costs associated with the sale of the properties in the amount of \$20,675 shall be reimbursed to the General Purpose Fund (#1010), Real Estate Organization (# 88639), Acquisition of Real Property (account #57120), Surplus Property Disposition (P47010), Real Estate Services Program (PS32).

SECTION 6: Net sales proceeds shall be reduced by \$131,820 to reimburse Self Insurance Liability (#1100), Liability Claims Unit Organization (# 90321), Acquisition of Real Property (Account # 57120) for the funds used to purchase 862-850 98th Avenue for costs associated with eminent domain action on the 98th Avenue street widening project.

SECTION 7: The City Administrator, or her designee, shall cause to be filed with the County of Alameda a Notice of Exemption for this action.

SECTION 8: The Manager, Real Estate Services, or his designee, is hereby authorized to take any and all actions necessary and execute documents, consistent with this ordinance, to complete the sale of the Property.

SECTION 9: The Offer to Purchase Agreement for the purchase of this property shall be approved as to form and legality by the City Attorney's Office and a copy shall be filed with the Office of the City Clerk.

SECTION 10: This Ordinance shall become effective immediately upon final adoption if it receives six or more affirmative votes; otherwise, it shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2006  
PASSED BY THE FOLLOWING VOTE:

AYES                      BROOKS, BRUNNER, CHANG, NADEL, REID, QUAN, KERNIGHAN, AND  
                                    PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
                    **LA TONDA SIMMONS**  
                    City Clerk and Clerk of the Council  
                    of the City of Oakland, California

NOTICE AND DIGEST

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**AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO ACCEPT THE OFFER TO PURCHASE AGREEMENTS TO SELL TO BRIAN COLLINS AND MEHRDAD DOKHANCHI (HIGHEST BIDDER) APPROXIMATELY 11,500 SQUARE FEET OF CITY OWNED SURPLUS REAL PROPERTY LOCATED AT MANDELA PARKWAY (APN# 005-0421-000) FOR THE FAIR MARKET VALUE OF \$415,000; JULIA B. KIM (HIGHEST BIDDER) APPROXIMATELY 6,800 SQUARE FEET OF CITY OWNED SURPLUS REAL PROPERTY LOCATED AT 632 14<sup>TH</sup> STREET (APN# 003-0071-024) FOR THE FAIR MARKET VALUE OF \$ 1,150,000; KEVIN BAO PHAN (HIGHEST BIDDER) APPROXIMATELY 11,390 SQUARE FEET OF CITY OWNED SURPLUS REAL PROPERTY LOCATED AT 862/850 98<sup>TH</sup> AVENUE (APN# 045-5230-001-01 & 045-5230-003-03) FOR THE FAIR MARKET VALUE OF \$ 630,000; AND JULIA B. KIM (HIGHEST BIDDER) APPROXIMATELY 5,932 SQUARE FEET OF CITY OWNED SURPLUS REAL PROPERTY LOCATED AT 569 HIGH STREET/HOWARD STREET (APN# 033-2250-001-04) FOR THE FAIR MARKET VALUE OF \$500,000.**

An ordinance has been prepared authorizing the City Administrator to sell surplus City-owned property to the highest bidder for four city owned parcels.

The City-owned properties are no longer required for City use and have been sold in accordance with Government Code and City Ordinance 11602 C.M.S. There are no City subsidies involved in the sale of the surplus property.