

CITY OF OAKLAND

Agenda Report

OFFICE OF THE CITY CLERK
6 12 10

2005 SEP 29 PM 2:28

TO: Office of the City Administrator
ATTN: Deborah Edgerly, City Administrator
FROM: Community and Economic Development Agency
DATE: October 11, 2005

RE: A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO CONDUCT A PUBLIC AUCTION FOR THE SALE OF EIGHT CITY-OWNED SURPLUS PROPERTIES: ASSESSOR PARCEL NUMBERS 005-0421-00 (20TH AND MANDELA PARKWAY); 003-0071-024 (632 – 14TH STREET); 045-5230-001-01 AND 045-5230-003-03 (ASSEMBLED – 862 – 850 98TH AVENUE); 048H-7602-012, 048H-7602-013, 048H-7602-014, AND 048H-7602-015 (4 PARCELS – BETWEEN 1530 AND 1580 GRAND VIEW DRIVE); AND 033-2250-001-04 (569 HIGH STREET/ HOWARD STREET).

SUMMARY

City Council approval is required for the auction sale of City of Oakland (“City”) owned surplus properties (Properties) located within the City of Oakland (identified by site location on Exhibit “A”). The Real Estate Division generates additional revenue and reduces the City’s maintenance expenses through the pro-active identification and disposal of surplus properties. Information on the City-owned parcels has been circulated to all City agencies and other public agencies as required by Government Code and there was no interest expressed or offers received from other public agencies. The Properties have been declared surplus property and available for disposal and the City may dispose of them pursuant to City Ordinance 11602, which establishes the procedures for the sale of City-owned surplus real property.

The City-owned surplus properties will be sold in an “as is” condition at a public auction to be held November 18, 2005, to the highest bidder. The successful bidder shall be required to deliver to the City a deposit for not less than 10% of the minimum bid price for each property and to enter into a Purchase and Sales Agreement containing provisions for forfeiture of the deposit for breach of any conditions set forth in this Resolution and/or Purchase and Sales Agreement.

The sale, if accepted by the City Council, shall be awarded to the highest bidder meeting the conditions specified in the Auction Notice and Purchase and Sales Agreement at a future City Council meeting. 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 the Ordinance authorizing the City Administrator to conduct a public auction for the sale of the City-owned properties, appropriating the proceeds of the sale into the Real Estate Surplus Property Project, after deduction of other appropriate costs.

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Adoption of the Ordinance satisfies Mayor and City Council Priority Goal, Goal # 1 (Develop a Sustainable City), Goal # 2 (Build community and foster livable neighborhoods) and Goal #3 (Improve Oakland Neighborhoods).

FISCAL IMPACT

The total minimum bid amount for the eight (8) properties is \$2,758,000. The successful bidder will pay for all closing costs including, but not limited to, recording fees, transfer and sales tax and title insurance.

After reimbursing Real Estate Services for all related costs associated with the public auction and sale of the properties and reimbursing the City Litigation Fund and Gas Tax Fund from proceeds of the sale of the property located at 862-850 98th Avenue, the remaining sales proceeds could be placed into the City's General Purpose Fund 1010, Surplus Property Disposition Project (P47010) estimated at \$2,500,000, if all the properties are sold at the minimum bid price.

In addition to the sales proceeds, the City will receive its share of the future property taxes once the properties have been returned to the property tax rolls (estimated at \$28,300 per year) and will save the City the ongoing maintenance (estimated at \$30,000 per year) and liability costs associated with the properties.

BACKGROUND

Real Estate Services is renewing 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 auctions annually until it disposes of all excess surplus property.

Real Estate Services will receive oral bids for each property at a public auction to be held on Monday, November 18th, 2005 at City Hall, Hearing Room 3 at 3:00 P.M. The Properties have been appraised and a minimum bid value has been established. The successful bidder for each property shall, upon making the highest bid, deliver to the City cash, a cashier's check, or money order for a deposit of not less than ten percent (10%) of the minimum bid price for each property. Any successful bidder's failure or refusal to complete the purchase of any property as required by this Resolution shall result in a forfeiture of the respective deposit to the City. The successful bidder will be required to complete the transaction within 45 days after the City Council approves the sale.

If the City does not receive any bids for any of the properties or if any bid amount is not acceptable to the City, Ordinance 11602 allows the Real Estate Services to conduct a negotiated sale with interested buyers. Any negotiated sale would be subject to the approval of the City Council.

KEY ISSUES AND IMPACTS

The Properties are presently a burden on the City because of ongoing maintenance and liability concerns. The selling of the Properties will maximize the City's economic and non-economic goals. The vacant Properties will be incorporated and developed into additional commercial or housing units in the City. This new development will produce additional property tax revenue to the City, eliminate blight in the area, reduce ongoing maintenance and fire control as well as reduce future litigation exposure.

The Properties are in-fill lots that have development challenges such as excess right of way and slope development.

SUSTAINABLE OPPORTUNITIES

Economic: The sale of these Properties will eliminate blighted and underutilized sites and produce additional tax revenue for the City. Construction on the sites after sale will contribute to new and continued job creation in the City.

Environmental: Some of the Properties have proximity to major public transportation nodes and may encourage use of BART and AC Transit, which will ease general pressure on the regions congested transportation infrastructure.

Social Equity: The sale of these Properties will provide additional housing and retail in the City and an opportunity for citizens to participate in owning or developing 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 Resolution will have no direct impact on disabled and senior citizen access. However, any public improvements that may be required will provide appropriate access for disabled citizens and senior citizens.

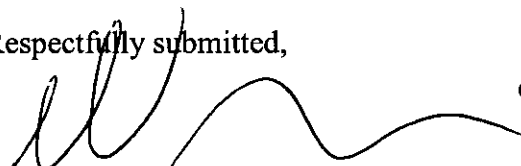
RECOMMENDATION

Staff recommends adoption of the Resolution authorizing the City Administrator to conduct an auction for the sale of eight (8) city-owned surplus real properties, and appropriating the proceeds of the sale into the Real Estate Surplus Property Project to meet the City budget requirements outlined in the fiscal year 2005-007 budget.

ACTION REQUESTED OF THE CITY COUNCIL

Adopt the Resolution authorizing the City Administrator to conduct an auction for the sale of eight (8) city owned surplus real properties and appropriating the proceeds of the sale, after reimbursing costs, into the Real Estate Surplus Property Project, to help balance the fiscal year 2005-07 budget.

Respectfully submitted,



DANIEL VANDERPRIEM, Director
Redevelopment, Economic Development
and Housing

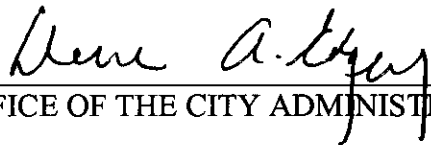
Forwarded by:

Frank Fanelli, Manager
Real Estate Services

Prepared by:

William W. Wilkins, Supervising Real Estate Agent
Real Estate Service

APPROVED FOR FORWARDING TO THE
FINANCE AND MANAGEMENT COMMITTEE



OFFICE OF THE CITY ADMINISTRATOR

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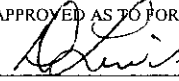
Finance and Management Committee
October 11, 2005

OFFICE OF THE CITY CLERK
CITY OF OAKLAND

2005 SEP 29 PM 2:28

INTRODUCED BY COUNCILMEMBER _____

APPROVED AS TO FORM AND LEGALITY



CITY ATTORNEY

RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO CONDUCT A PUBLIC AUCTION FOR THE SALE OF EIGHT CITY-OWNED SURPLUS PROPERTIES: ASSESSOR PARCEL NUMBERS: 005-0421-00 (20TH AND MANDELA PARKWAY); 003-0071-024 (632 – 14TH STREET); 045-5230-001-01 AND 045-5230-003-03 (ASSEMBLED – 862 – 850 98TH AVENUE); 048H-7602-012, 048H-7602-013, 048H-7602-014, 048H-7602-015 (4 PARCELS – BETWEEN 1530 AND 1580 GRAND VIEW DRIVE); AND 033-2250-001-04 (569 HIGH STREET/HOWARD STREET).

WHEREAS, City Ordinance No. 11602 C.M.S. authorizes and establishes procedures for the sale of City-owned surplus real property; and

WHEREAS, the City of Oakland (City) currently owns eight (8) surplus properties shown in Exhibit "A" that the Real Estate Services Division recommends be sold by oral competitive bids at a public auction; and

WHEREAS, the City Planning Commission, in its meeting of July 6, 2005, concurred with the Real Estate Services Division recommendation and determined the appropriate zoning classification of seven properties shown in Exhibit "A", and such recommendation must be forthcoming for Parcel No. 8 prior to sale of that Parcel; and

WHEREAS, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary of Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; now therefore be it

RESOLVED: That the Real Estate Services Division is authorized to conduct a public auction and receive oral bids on November 18th, 2005 in Hearing Room 3 at City Hall; and be it

FURTHER RESOLVED: The minimum acceptable bid for each property is shown on Exhibit "A" and each acceptable bid shall be raised in \$2,000 increment; and be it

FURTHER RESOLVED: Each property is sold in "as-is" condition and the City of Oakland makes no representation as to the potential use or condition of this property; and be it

FURTHER RESOLVED: The Planning Commission of the City of Oakland is instructed not to recommend an application for zoning reclassification of each property for a period of two years from the date of sale by the City unless the application contains a statement in detail of the changes in circumstances which in the opinion of the Planning Commission do, in fact, justify a zoning reclassification; and be it

FURTHER RESOLVED: Bidder making the highest bid for each property shall, upon making the highest bid, deliver to the City by cash, cashier's check or money order, a deposit of not less than ten percent (10%) of the minimum bid price for each property. Any successful bidder's failure or refusal to complete the purchase of any property as required by this resolution shall result in a forfeiture of the respective deposit to the City of Oakland; and be it

FURTHER RESOLVED: The balance of the amount between the highest bid and the required deposit for each property shall be payable to the City of Oakland by cash, cashier's check or money order, and delivered to the Manager of Real Estate Services or the delegated representative within 14 days after acceptance of the bid and approval of the sale to the successful bidder by the City Council. The successful bidder shall pay all recording fees, transfer and sales taxes as required by law; and be it

FURTHER RESOLVED: If any property is not sold through the auction process then the manager of Real Estate Services can proceed to sell the property(ies) through a negotiated sale as outlined in Ordinance #11602 C.M.S.; and be it

FURTHER RESOLVED: In the event that the high bidder defaults in completion of the sale, the City may, at its sole discretion, offer the property to the second highest bidder. If the second high bidder accepts the option, the deposit requirement and the terms of the purchase shall be the same as stated in the Notice of Sale; and be it

FURTHER RESOLVED: The instrument of transfer of title for each property shall be a Quitclaim deed delivered to each successful bidder or assignee, upon payment to the City of the entire amount of the highest bid for each property; and be it

FURTHER RESOLVED: The City Council reserves the right to reject any and all bids without stated cause; and be it

FURTHER RESOLVED: That the Real Estate Division is hereby directed to advertise not less than four days in the official newspaper of the City of Oakland, as well as on Channel 10 (KTOP) not less than ten days prior to the auction date, a notice calling for oral bids in accordance with the provisions of this resolutions and/or the purchase and sales agreement; and be it

FURTHER RESOLVED: The successful bidder, upon making the required deposit, will be required to sign a purchase agreement containing provisions for forfeiture of deposit and/or bonds for breach of any conditions set forth in this Resolution and/or the Purchase and Sales Agreement; and be it

FURTHER RESOLVED: That the City Litigation fund and Gas Tax fund be reimbursed and Real Estate Services be reimbursed for all costs associated with the public auction and sale of the properties through the Surplus Property Program (Project P4710); and be it

FURTHER RESOLVED: That the City Council has independently reviewed and considered this environmental determination, and the Council finds and determines, based on the information in the staff report accompanying this Resolution, that this action complies with CEQA because it is exempt from CEQA pursuant to Section 15312 (surplus government property sales) of the CEQA Guidelines; and be it

FURTHER RESOLVED: That the City Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for the Project; and be it

FURTHER RESOLVED: That the City Administrator or her designee is authorized to take all actions necessary to carry out the intent of this Resolution and to complete the transaction; and be it

FURTHER RESOLVED: That this Resolution has been approved by the Office of the City Attorney as to form and legality.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2005

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

**CITY-OWNED SURPLUS PROPERTIES
PUBLIC AUCTION PROPERTIES**

#	ASSESSOR PARCEL NUMBER (APN)	ADDRESS	SIZE (sq. ft.)	DEVELOPMENT CHALLENGES	STATUS	DEPOSIT	MIN BID
1	005-0421-00	Mandela Parkway/20 th Street	11,500 +/-	General Plan is Business Mix, Zoning is M-30/S-4 parcel is located in the Right of Way	Vacant lot. Month to month lease	\$ 22,000	\$ 222,000
2	003-0071-024	632 - 14 th Street	6,800	General Plan is Central Business District, Zoning is C-51/-17	Vacant lot Month to month lease	\$ 67,000	\$ 670,000
3	045-5230-001-01 & 045-5230-003-03	862 - 850 98 TH Avenue	11,390	General Plan is Business Mix, Zoning is M-40	Vacant lot	\$ 16,000	\$ 160,000
4	048H-7602-012	Grand View Drive	14,574	General Plan is Hillside Residential, Zoning is R-30/S-14/S-18. Steep down slope lot	Vacant lot	\$ 40,000	\$ 400,000
5	048H-7602-013	Grand View Drive	15,471	General Plan is Hillside Residential, Zoning is R-30/S-14/S-18. Steep down slope lot	Vacant lot	\$ 40,000	\$ 400,000
6	048H-7602-014	Grand View Drive	16,230	General Plan is Hillside Residential, Zoning is R-30/S-14/S-18. Steep down slope lot	Vacant lot	\$ 40,000	\$ 400,000
7	048H-7602-015	Grand View Drive	16,400	General Plan is Hillside Residential, Zoning is R-30/S-14/S-18. Steep down slope lot	Vacant lot	\$ 40,000	\$ 400,000
8	033-2250-001-04	569 High Street/Howard Street	5,932	General Plan is Estuary, Zoning is M-40	Vacant lot	\$ 10,600	\$ 106,000