

# CITY OF OAKLAND

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

## Agenda Report

2003 OCT 23 PM 2:09

TO: Office of the City Manager  
ATTN: Deborah Edgerly, Interim City Manager  
FROM: Community and Economic Development Agency  
DATE: November 4, 2003

**RE: AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO PURCHASE AND SALES AGREEMENTS FOR THE SALE OF ELEVEN CITY OWNED SURPLUS PROPERTIES FROM THE PUBLIC AUCTION CONDUCTED ON OCTOBER 3 2003 TO THE FOLLOWING HIGH BIDDERS: (1-APN 045-5304-057-02,056 for \$ 140,000) JEFF KU; (3-APN 044-4986-006 for \$ 227,000) OAKLAND COMMUNITY HOUSING, INC.; (4-APN 048-6854-002-06 and 5-APN 048-6854-003-02 for \$ 100,000, 7-APN 048-6818-001-01 for \$ 135,000) HIRST SHAFER CONSTRUCTION AND DEVELOPMENT, INC.; (6-APN 048-6869-007 for \$240,000) AMELIA LIM; (8-APN 048D-7302-059 for \$ 81,000) HENRY HERNANDEZ; (9-APN 048D-7303-067 for \$ 50,000 & 10-APN 048D-7303-068 for \$ 50,000) WAYNE HUEY; AND (11-APN 048H-7606-051-04 for\$ 455,000) TRACI ANN McKNIGHT.**

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### SUMMARY

Approval of the City Council is requested for the sale of eleven city owned surplus properties from the Public Auction conducted on October 3, 2003 to the highest bidder(s) and bid amount(s) identified in Exhibit "A". The Finance Committee and City Council recommended the Public Auction of the eleven city owned surplus properties. Resolution 77963 C.M.S., dated July 15, 2003, authorized the City of Oakland (City) to conduct a public auction for the sale of eleven (11) surplus properties (Attachment A) owned by the City of Oakland (City). The official noticing of the Public Auction was advertised in the Oakland Tribune newspaper; "For Sale" signs were posted on the properties and the Auction Notice was posted on the City's web site.

The City-owned surplus properties were to be sold in an "as is" condition at a public auction held on October 3, 2003, to the highest bidder. 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. 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 Manager to enter into Purchase and Sales Agreement for the sale of eleven City-owned surplus properties from the Public Auction conducted on October 3, 2003, to the following high bidders: (1) Jeff Ku; (3) Oakland Community Housing, Inc.; (4, 5, and 7) Hirst Shafer Construction and Development, Inc.; (6) Amelia Lim; (8) Henry Hernandez; (9 and 10) Wayne Huey; and (11) Traci Ann McKnight.

Item: **25**  
ORA/City Council  
November 4, 2003

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

### **FISCAL IMPACT**

Bids were received on ten (10) of the eleven (11) properties auctioned. The total high bid amount for the ten properties is \$1,478,000. The successful bidders will pay for all closing costs including, but not limited to, recording fees, transfer and sales tax and title insurance.

Since several properties were purchased with State Gas Tax Funds, the City may have to reimburse the State Gas Tax Fund approximately \$300,000 from the sales proceeds for these properties. However, if the City obtains a gas tax credit, the City would save approximately \$300,000 in future funding. After reimbursing Real Estate Services \$75,000 for all administrative and related costs associated with the public auction and sale of the properties (Fund 1010, Org. 88639, Project P47010), the remaining sales proceeds estimated at \$1,103,000 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 properties have been returned to the property tax rolls (estimated at \$60,000 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 additional auctions annually until it disposes of all excess surplus property.

Real Estate Services conducted a Public Auction and received oral bids for each property on Friday, October 3, 2003, 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 45 days after the City Council approves the sale.

The City did not receive any bids for the property located at 670-700 98<sup>th</sup> Ave, which is presently rented to United Rentals. Ordinance C.M.S. 11602 allows Real Estate Services to conduct a negotiated sale with interested buyers. Any negotiated sale would be subject to the approval of the City Council. The Real Estate Division is presently negotiating with several potential buyers. The minimum bid for this property is \$130,000.

## KEY ISSUES AND IMPACTS

These properties are being sold "AS IS". The City of Oakland makes no representation as to the potential use of these properties. These properties for the most part are in-fill residential lots that have some development challenges such as creek-side status, slope development and zoning or General Plan inconsistencies.

The right, title and interest in the 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.

Some of these properties may be situated within the Special Studies Zone as designated under the Alquist-Priolo Special Studies Zones Act, Sections 2621-2625, inclusive of the California Public Resource Code. No representations on this subject are made by the City of Oakland on the potential effect of this Act on these properties.

Some of these properties may contain a watercourse. These properties will be subject to the restrictions of the City's Creek Protection Ordinance and subject to a deed restriction that "no grading or excavation shall be performed and no structures shall be constructed within 20 feet of the top of the creek's banks." Furthermore, the City accepts no liability for the maintenance of these watercourses or for future erosion or landslide damage to the land or structures on these properties.

The City of Oakland 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.

There may be certain improvements located on some of these properties, such as previously constructed foundations that may need to be removed, or require additional City approvals or conditions, which may limit the use and development of these properties. No representation on this subject or impact on future development is made by the City of Oakland or to the potential effect of these improvements on the use or development of these properties.

These properties are presently a burden on the City because of the maintenance and liability concerns. The selling of these properties will maximize the City's economic and non-economic returns by placing the properties back on the property tax rolls, eliminating the ongoing maintenance and liability, reducing future litigation exposure and generating additional revenue to the City's General Fund before December 31, 2003.

## SUSTAINABLE OPPORTUNITIES

Economic: The sale of these properties will ultimately contribute to future in-fill projects, which will take blighted and underutilized sites and turn them into a potential

Item: **25**  
ORA/City Council  
November 4, 2003

housing and/or mixed-use projects which will contribute to job creation and increased tax revenue for the City.

**Environmental:** Some of the properties are in proximity to major public transportation nodes. This will likely encourage use of BART and AC Transit by project residents and possible retail customers, which will ease general pressure on the region's congested transportation infrastructure.

**Social Equity:** Sale of these properties will provide opportunities for citizens to participate in owning and developing real estate in the City of Oakland.

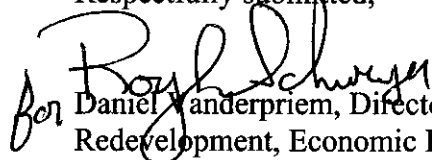
### **DISABILITIES AND SENIOR CITIZEN ACCESS**

Approval of this Ordinance will have no direct impact on disabled and senior citizen access. However, when the property is developed any public improvements that will be required through both state and local provisions will ensure equal access, such as sidewalks and parking spaces for disabled citizens and senior citizens.

### **ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends adoption of this Ordinance authorizing the City Manager to enter into Purchase and Sales Agreement for the sale of eleven City-owned surplus properties from the Public Auction conducted on October 3, 2003, to the following high bidders: (1) Jeff Ku; (3) Oakland Community Housing, Inc.; (4, 5, and 7) Hirst Shafer Construction and Development, Inc.; (6) Amelia Lim; (8) Henry Hernandez; (9 and 10) Wayne Huey; and (11) Traci Ann McKnight.

Respectfully submitted,

  
for Daniel Vanderprieem, Director  
Redevelopment, Economic Development and Housing

Prepared by:  
Frank Fanelli, Manager  
Real Estate Services

APPROVED AND FORWARDED TO THE  
CITY COUNCIL

  
Office of the City Manager

**OCTOBER 8, 2003 - SURPLUS PROPERTY**  
**AUCTION RESULTS**

PROPERTY #	BIDDER	HIGH BID AMOUNT
1	Jeff Ku	\$140,000
2	No bids received	0
3	Oakland Community Housing, Inc.	\$227,000
4 & 5	Hirst Shafer Construction and Development, Inc.	\$100,000
6	Amelia Lim	\$240,000
7	Hirst Shafer Construction and Development, Inc.	\$135,000
8	Henry Hernandez	\$81,000
9	Wayne Huey	\$50,000
10	Wayne Huey	\$50,000
11	Traci Ann McKnight	\$455,000
<b>Total</b>		<b>\$1,478,000</b>

**These transactions ARE ALL CASH OR CERTIFIED CHECK sales and subject to City Council approval. The City Council reserves the right to reject any and all bids without stated cause.**

# ATTACHMENT "A"

## NOTICE OF PUBLIC AUCTION

### THE CITY OF OAKLAND REAL PROPERTY AUCTION

The City of Oakland is recommending the following eleven (11) parcels of real property for sale to the highest bidder at public auction.

#### CITY OWNED- SURPLUS PROPERTIES

#	ASSESSOR PARCEL NUMBER (APN)	ADDRESS	SIZE (sq. ft.)	Date Purchased	Gas Tax Funds	Development Challenges	Improved	Min Bid
1	045-5304-057-02, 056	600-620 98 <sup>th</sup> Avenue	11,145	1985	Yes	General Plan inconsistency	vacant	\$140,000
2	045-5276-002-02	670-700 98 <sup>th</sup> Avenue	10,547	1985	Yes	General Plan inconsistency	vacant	\$130,000
3	044-4986-006	9327 "E" Street	27,774	1989	No	General Plan inconsistency	vacant	\$175,000
4	048-6854-002-06	Sequoiah @ Heafey Road	13,125	1956	No	Creek side Property	vacant	\$65,000
5	048-6854-003-02	Sequoiah @ Heafey Road	8,050	1956	No	Creek side Property	vacant	\$65,000
6	048-6869-007	Keller/W of Surrey Lane	91,476	1957	No	Creek side Property	vacant	\$160,000
7	048-6818-001-01	Keller/Sequoiah	74,008	1964	Yes	Creek side Property	vacant	\$80,000
8	048D-7302-059	6558 Girvin Drive	8,000	1995	No	Existing Foundations	vacant	\$65,000
9	048D-7303-067	6298 Westover Drive	7,768	1995	No	Existing Foundations	vacant	\$65,000
10	048D-7303-068	6300 Westover Drive	7,242	1995	No	Existing Foundations	vacant	\$65,000
11	048H-7606-051-04	Gravatt Drive	57,935	1956	No	Creek side Property	vacant	\$240,000

Information regarding this auction and any future auctions will be available on the City of Oakland's web site ([www.Oaklandnet.com](http://www.Oaklandnet.com)) or contact:

City of Oakland, Real Estate Services Division, 250 Frank H. Ogawa Plaza, Suite 4314, Oakland, CA 94612, (510) 238-3541

INTRODUCED BY COUNCIL MEMBER \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY  
CITY ATTORNEY

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND  
2003 OCT 23 PM 2:10

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

**AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO PURCHASE AND SALES AGREEMENTS FOR THE SALE OF ELEVEN CITY OWNED SURPLUS PROPERTIES FROM THE PUBLIC AUCTION CONDUCTED ON OCTOBER 3 2003 TO THE FOLLOWING HIGH BIDDERS: (1-APN 045-5304-057-02,056 for \$ 140,000) JEFF KU; (3-APN 044-4986-006 for \$ 227,000) OAKLAND COMMUNITY HOUSING, INC.; (4-APN 048-6854-002-06 and 5-APN 048-6854-003-02 for \$ 100,000, 7-APN 048-6818-001-01 for \$ 135,000) HIRST SHAFER CONSTRUCTION AND DEVELOPMENT, INC.; (6-APN 048-6869-007 for \$ 240,000) AMELIA LIM; (8-APN 048D-7302-059 for \$ 81,000) HENRY HERNANDEZ; (9-APN 048D-7303-067 for \$ 50,000 & 10-APN 048D-7303-068 for \$ 50,000) WAYNE HUEY; AND (11-APN 048H-7606-051-04 for \$ 455,000) TRACI ANN McKNIGHT**

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

**WHEREAS**, these properties are in-fill lots that have some development challenges such as creek-side status, slope development and zoning or General Plan inconsistencies; 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**, some of these properties may contain a watercourse and be subject to the restrictions of the City's Creek Protection Ordinance and to a deed restriction that "no grading or excavation shall be performed and no structures shall be constructed within 20 feet of the top of the creek's banks. Furthermore, the City accepts no liability for the maintenance of these watercourses or for future erosion or landslide damage to the land or structures on these properties; and

**WHEREAS**, certain improvements may be located on some of these properties, such as previously constructed foundations that may need to be removed, require additional City approvals or conditions which may limit the use and development of these properties. No representations on this subject or impact on future development is made by the City of Oakland or to the potential effect of these improvements on the use or development of these properties; and

**WHEREAS**, the City Council adopted Resolution No. 77963 C.M.S., dated July 15, 2003, which authorized the Real Estate Services Division to conduct a public auction and receive oral bids at 3:00 P.M. on Friday, October 3, 2003, in Hearing Room 3 at City Hall; and

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

**WHEREAS**, bids and nonrefundable security deposits in the amount of \$154,500 were received for ten (10) of the eleven (11) surplus properties at the Public Auction; and

**WHEREAS**, Ordinance 11602 C.M.S. allows the City to conduct a negotiated sale with interested buyers subject to City Council approval, if no bids were received or the bid amount is not acceptable; and

**WHEREAS**, the City is negotiating with various interested buyers for the property that was not auctioned located at 670-700 98<sup>th</sup> Ave.; 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, 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; 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.

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

**SECTION 1.** The City Manager, or his designee, is authorized to enter into Purchase and Sales Agreements for the sale of eleven City-owned surplus properties from the Public Auction conducted on October 3, 2003, to the following high bidders: (1) Jeff Ku; (3) Oakland Community Housing, Inc.; (4,5,7) Hirst Shafer Construction and Development, Inc.; (6) Amelia Lim; (8) Henry Hernandez; (9, 10) Wayne Huey; and (11) Traci Ann McKnight.

**SECTION 2.** After reimbursing Real Estate Services \$75,000 for all related costs associated with the public auction and sale of the properties (Fund 1010, Org. 88639, Project P47010), the remaining sales proceeds will be placed into the City's General Fund.

**SECTION 3.** The Manager of Real Estate Services or such other City Manager designee, as the City Manager may determine, is hereby authorized to take all actions as may be required to carry out the intent of terms of the



Purchase and Sales Agreement and this Ordinance and Ordinance 11602  
C.M.S.

SECTION 4. The Purchase and Sales Agreement for the purchase of these property rights 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 5. This Ordinance shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2003  
PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
                              **CEDA FLOYD**  
                              City Clerk and Clerk of the Council of the  
                              City of Oakland, California

**25**  
**ORA/COUNCIL**  
**NOV - 4 2003**



NOTICE AND DIGEST 2003 OCT 23 PM 2:11

**AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO PURCHASE AND SALES AGREEMENTS FOR THE SALE OF ELEVEN CITY OWNED SURPLUS PROPERTIES FROM THE PUBLIC AUCTION CONDUCTED ON OCTOBER 3 2003 TO THE FOLLOWING HIGH BIDDERS: (1-APN 045-5304-057-02,056 for \$ 140,000) JEFF KU; (3-APN 044-4986-006 for \$ 227,000) OAKLAND COMMUNITY HOUSING, INC.; (4-APN 048-6854-002-06 and 5-APN 048-6854-003-02 for \$ 100,000, 7-APN 048-6818-001-01 for \$ 135,000) HIRST SHAFER CONSTRUCTION AND DEVELOPMENT, INC.; (6-APN 048-6869-007 for \$ 240,000) AMELIA LIM; (8-APN 048D-7302-059 for \$ 81,000) HENRY HERNANDEZ; (9-APN 048D-7303-067 for \$ 50,000 & 10-APN 048D-7303-068 for \$ 50,000) WAYNE HUEY; AND (11-APN 048H-7606-051-04 for \$ 455,000) TRACI ANN McKNIGHT**

An Ordinance has been prepared authorizing the City Manager to enter into Purchase and Sales Agreement for the sale of eleven City-owned surplus properties from the Public Auction conducted on October 3, 2003, to the following high bidders: (1) Jeff Ku; (3) Oakland Community Housing, Inc.; (4,5,7) Hirst Shafer Construction and Development, Inc.; (6) Amelia Lim; (8) Henry Hernandez; (9, 10) Wayne Huey; and (11) Traci Ann McKnight.

The Finance Committee and City Council recommended the Public Auction of the eleven city owned surplus properties. Resolution 77963 C.M.S., dated July 15, 2003, authorized the City of Oakland (City) to conduct a public auction for the sale of eleven (11) surplus properties owned by the City of Oakland (City). The Public Auction of the eleven city owned surplus properties was advertised in the newspaper, "For Sale" signs posted on the property and Auction Notice was posted on the City's web site.

The City-owned surplus properties were to be sold in an "as is" condition at a public auction held on October 3, 2003, to the highest bidder. 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. 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.

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