

REPLACEMENT

COUNCIL AGENDA: 02-01-05

ITEM: 2.8

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jim McBride

SUBJECT: PUBLIC AUCTION OF SURPLUS
CITY OWNED-PROPERTIES

DATE: January 26, 2005

Approved

Date

1/27/05

COUNCIL DISTRICT: 2, 3, 4, & 10
SNI AREA: various

REASON FOR REPLACEMENT

To provide additional information (attachment) and clarification under the Analysis section.

RECOMMENDATION

Adoption of a resolution accepting the high bids on the following parcels of City-owned property which were offered for public auction on December 15, 2004:

- (a) State Street, West side (vacant property) (APN 015-12-077) to the highest bidders George A. Maciel and Jessup C. Miller, for the amount of \$240,000.
- (b) 12161 Berryessa Road (APN 241-03-014) to the highest bidder JROK, LLC. - Managing Partner Robert B. Facchino II, for the amount of \$210,000.
- (c) 328 Willow Street (APN 434-05-016) to the highest bidder Edward Nazaradeh, for the amount of \$150,000.
- (d) Willow Street at Graham (vacant property) (APN 434-07-024) to the highest bidder Mark McGinnis and Beryl Blackstone, for the amount of \$125,000.
- (e) 239 Bernal Road (APN 704-44-007) to the highest bidders Justin Holliday, Steve Evans, and David Fishback, for the amount of \$555,000.

BACKGROUND

In accordance with Municipal Code Section 4.20.20 the subject properties were declared surplus by City Council on August 26, 2003, Resolution No. 71723 and on June 15, 2004, Resolution # 72164. City Departments and the San Jose Redevelopment Agency were polled over a year ago in April, 2003, and again in April 2004, to determine if there was any facility or operational need

for the subject parcels. There were no responses received indicating a need for any of these parcels. Members of the City's Property Acquisition and Disposition Committee (PA&DC)* were also notified of the potential sales of these parcels.

* The PA&DC was formed in 2003. It is well staffed by representatives from the San Jose Redevelopment Agency and City departments (including the City Manager's Office) who have a stake hold in property acquisitions and/or dispositions. A primary area of focus for the PA&DC is to make site selection and property disposition determinations.

As each of these parcels is either greater in size than 5,000 square feet or independently developable, the parcels have all been offered, as required by California Government Code Section 54222, to low and moderate-cost housing developers, public schools, and park and open-space developers for their consideration. None of these entities submitted a bid on any of these subject parcels.

ANALYSIS

The six (6) parcels were advertised for public auction in the San Jose Mercury News on November 19, 20, and 21, 2004; and again on November 26, 27, and 28, 2004. The minimum bid for each of the properties was set based on independent appraisals and/or market rate comparables. The Public Auction was held in the Council Chambers on December 15, 2004. At the Public Auction, bids were received and accepted for five (5) of six (6) surplus properties, and are currently pending final approval by Council. Old Fire Station #28 will be re-bid at a subsequent auction. A summary of the bidding activity follows:

No.	APN	Property Location	CC Dist	Minimum Bid	High Bid	High Bidder
01	015-12-077	State Street	04	\$180,000	\$240,000	Maciel
02	241-03-014	Berryessa Road	04	\$210,000	\$210,000	JROK. LLC
03	434-05-016	328 Willow St	03	\$150,000	\$150,000	Nazaradeh
04	434-07-024	Willow at Graham	03	\$125,000	\$125,000	McGinnis, et al
05	583-13-013	Almaden Rd (Old FS #28)	10	\$530,000	None	
06	704-44-007	Bernal Rd, (Old FS #27)	02	\$535,000	\$555,000	Holliday, et al

Maps illustrating the subject properties' specific locations are attached as Exhibits A.

PUBLIC OUTREACH

Information packets were mailed to individuals who requested to be added to the General Bidders' List. Notice of the Public Auction was also published in the Mercury News on November 19, 20, 21, 26, 27, and 28, 2004.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, and the Budget Office.

COST IMPLICATION

The sale of these properties generated \$1,280,000 to the City of San José and is in alignment with the Mayor's Budget Strategy Expenditure Control Principal No. 4, in that it eliminates City Maintenance obligations and liability. The City's cost for the sale of the properties consisted of staff time, preparation of the sales packages, property appraisals, and advertising costs. The buyers will pay all escrow and title fees, including recording fees. In accordance with the Mayor's Current Budget Policies and Practices Memorandum dated October 7, 2004, sales revenue for the subject properties, except the Bernal Road property, will be applied to the Economic Uncertainty Reserve. \$72,640 will be applied directly to fund balance in order to achieve revenue levels that were included in the 2004-2005 Adopted Operating Budget. Sales revenue for the Bernal Road property will be applied to the Fire C&C Tax Fund to support the new and renovated fire stations as described in MBA #8 that was presented as part of the 2004-2005 budget process.

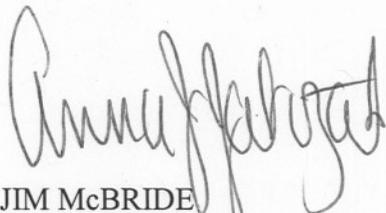
BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2004-05 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
001	8130	Other Revenue	N/A	N/A	N/A	N/A	N/A
392		Fire C&C Tax Fund Facilities Reserve	N/A	\$1.962M	N/A	V-342	72164 6/15/04

HONORABLE MAYOR AND CITY COUNCIL
January 26, 2005
Subject: Sale of Surplus City-Owned Properties
Page 4 of 4

CEQA

Exempt, PP-00-02-003.

for 
JIM McBRIDE
Interim Director of General Services