



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
Jennifer Maguire

SUBJECT: SALE OF CITY-OWNED
PROPERTY ON CORTE DE ROSA

DATE: 08-20-07

Approved

Date

8/22/07

COUNCIL DISTRICT: 10

RECOMMENDATION

It is recommended that the City Council

1. Adopt a resolution:
 - a. Declaring the vacant 3.6 acres of City-owned property on Corte De Rosa and Camden Avenue as surplus to the needs of the City;
 - b. Approving the sale agreement with an adjacent property owner, Masnaghetti Family Living Trust 2002, in the amount of \$2,400,000; and
 - c. Delegating authority to the Director for Public Works to execute all documents necessary to complete the transfer of the property.

2. Adopt the following appropriation ordinance and funding sources resolution amendments in the General Fund:
 - a. Increase the Economic Uncertainty Reserve by \$2,400,000, and
 - b. Increase the estimate for Other Revenue by \$2,400,000.

OUTCOME

Adoption of this resolution will declare the 3.6 acre City-owned property on Corte de Rosa surplus to the needs of the City and approve the agreement to sell the property to the adjoining property owner. By Council policy, the \$2.4 million in proceeds from this sale will be allocated to the Economic Uncertainty Reserve.

BACKGROUND

The subject property was purchased by the City on August 11, 1975 for potential future park development. Three years later, on September 28, 1978, less than ¼ mile from the subject site, the City purchased 15.5 acres and subsequently developed and opened to the public Almaden Meadows Park. The Corte de Rosa property has never been developed.

The subject property has been presented for review to the City Property Acquisition and Disposition Committee and to all City departments to determine if there is any facility or operational need for the property. No current or future need for the property was identified. In accordance with California Government Code Section 54222, the City offered the property for sale for development of affordable housing, park open-space and/or public school purposes. The City received one response which was withdrawn due to neighborhood objections to potential development of affordable housing units at a density inconsistent with existing adjacent single family homes.

Municipal Code Section 4.20.50 permits the City Council to declare City-owned property surplus to the needs of the City and to authorize the sale of that property to the owner or owners of property adjacent to such City property at private sale for the fair market value, without notice, subject to such terms and conditions as the Council may in its discretion provide. The buyer is an adjacent property owner.

ANALYSIS

The City parcel being proposed for sale is located north and adjacent to Camden Avenue approximately 150 feet east of Paso Los Cerritos. A parcel map has been attached as Exhibit A.

The City developed the 15.5 acre Almaden Meadows Park within ¼ mile of the subject site which has consequently remained undeveloped and vacant. The sale of this property will provide one-time revenue of \$2,400,000 and eliminate the City's potential liability and maintenance costs for this site. Staff has determined the proposed sale price is consistent with fair market value.

The prospective buyer of this property learned of its availability at a community meeting in which staff discussed the potential sale of the property and the sale process required by California Government Code Section 54222. The buyer subsequently approached City staff about purchasing the property. As the owner of adjacent property, this party was able to negotiate directly for a private sale at fair market value under the terms of San Jose Municipal Code Section 4.20.50.

The proposed sale of this property is responsive to the adopted Mayor's March 2007 Budget Message items *1h. Review of Underused Lands*, and *6e. Review of City-Owned Assets*. Staff is currently working on developing a standard process for designating surplus property and bringing potential sales of City-owned property to the City Council. A draft process will be brought to Council for discussion in October. The proposed sale of this property is brought to Council in advance of the process discussion because a fair market offer is currently on the table.

The prospective buyer is reportedly considering developing the property with housing that is consistent with the single family units in the adjacent neighborhood. Any proposed development of this land would go through the City's planning permit process and would ultimately require approval by the City Council.

EVALUATION AND FOLLOW-UP

The sale and transfer of the subject property is anticipated to be completed within 30 days of approval by Council.

A proposed property surplus and sale process will be brought to Council for discussion and approval in October.

POLICY ALTERNATIVES

Alternative # 1: Reject the purchase offer and continue City ownership of the property.

Pros: By retaining the property, the City retains the ability to develop the property for future municipal purposes.

Cons: The City will continue to incur costs for maintenance of the property and the ongoing liability for repairs and safety.

Reason for not recommending: Continuing ownership of the property will result in continuing maintenance expenses and potential liability. No future municipal uses have been identified.

PUBLIC OUTREACH

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memo does not meet any of the above listed criteria; however it will be posted on the City's website for the September 11, 2007 Council agenda. A community meeting to which all adjacent property owners were invited was attended by Councilmember Pyle and City real estate staff.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office. The subject property's availability as surplus to City operational/facilities needs has been reviewed by the City's Property Acquisition and Disposition Committee with special attention given to the fact that the site is not needed for park purposes.

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FISCAL/POLICY ALIGNMENT

This sale is consistent with budget strategies *1h. Review of underused Lands* and *6e. Review of City-owned Assets* as outlined in the adopted Mayor's March 2007 Budget Message.

COST SUMMARY/IMPLICATIONS

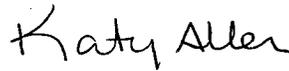
The sale of this City-owned property will generate \$2.4 million in one-time revenue to the City. The City's cost for the sale of the property will consist of staff time to prepare the sales documents and complete the transaction. The buyer will pay all title, tax and recording fees.

CEQA

CEQA: Not a project.

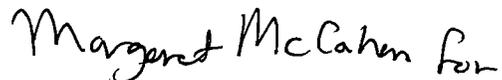


JENNIFER MAGUIRE
Acting Budget Director



KATY ALLEN
Director, Public Works Department

I hereby certify that there will be available for appropriation in the General Fund in Fiscal Year 2007-2008 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$2,400,000.



JENNIFER MAGUIRE
Acting Budget Director

For questions please contact PHIL PRINCE, DEPUTY DIRECTOR, at (408) 535-8300.

Attachment

