



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Walesh

SUBJECT: SEE BELOW

DATE: April 16, 2012

Approved

Date

4/25/12

COUNCIL DISTRICT: #6

**SUBJECT: SALE OF A PORTION OF CITY-OWNED PROPERTY ON SOUTH
MONROE STREET**

RECOMMENDATION

Adop a resolution:

- a. Declaring 4,313 square feet of vacated street on South Monroe, 300' north of Tisch Way surplus to the needs of the City; and
- b. Approving an agreement between the City and KB HOME South Bay, Inc., (KB HOME) for sale of the property in the amount of \$300,000; and
- c. Authorizing the City Manager or her designee to execute the sale agreement, the deed and all other documents necessary to complete the transaction.

OUTCOME

Adoption of this resolution will allow the sale of approximately 4,313 square feet of a City-owned property on South Monroe, 300' north of Tisch Way as defined in Attachment A (Parcel A and Parcel B), to KB HOME South Bay, Inc. (KB HOME) for an amount of \$300,000 that will be deposited to the General Fund.

BACKGROUND

On February 28, 2012, the City Council approved staff recommendations for streamlining the process to sell surplus City owned properties. Staff is currently working with the City Attorney's Office to amend the relevant ordinances to implement the direction provided by the City Council on the streamlining of real estate actions to sell surplus property.

On April 10, 2012, the City Council will consider a resolution of the intention to vacate a portion of South Monroe Street as a requirement for KB HOME to narrow the existing street by 14 feet to comply with the current plan line for this street segment.

On May 1, 2012, the City Council will consider the adoption of a resolution vacating 4,313 square feet of South Monroe Street to allow for the narrowing of the existing street by 14 feet.

KB HOME (the adjacent property owner) has expressed an interest in purchasing the vacated portion of South Monroe Street to incorporate the 4,313 square feet into their development of 104 multi-family attached residences on the 8.21 acres located at 485 South Monroe Street. Staff has negotiated and KB HOME has agreed upon a purchase price of \$300,000 which is comparable to vacant land sales in the area.

ANALYSIS

This City-owned property will be created in the event the proposed street vacation is approved by the City Council on May 1, 2012. This long, narrow piece of property is adjacent to the KB HOME planned development at 485 South Monroe Street. The property has limited use due to its size and location and has minimal value except to the adjacent property owner. Staff has determined that there are no other municipal purposes now or in the foreseeable future for which the property could be used.

Municipal Code Chapter 4.20 permits the sale of City-owned surplus property upon the City Council finding and determining that the property is not needed for nor adaptable to municipal purposes. Further, while such sales are generally required to be undertaken on a competitive basis, Municipal Code Section 4.20.070 authorizes the sale of surplus property through direct negotiation at fair market value, and upon such other terms and conditions as Council may direct, to the owner of property adjacent to such surplus property. The City property has been determined to not be independently developable. Staff reviewed market activity in the area prior to offering the property for sale including recent sales and properties currently for sale and has determined that the proposed sale price represents fair market value for the property, particularly in light of its configuration and location.

EVALUATION AND FOLLOW-UP

The transfer of the subject property is anticipated to be completed within 15 days of approval by the City Council.

POLICY ALTERNATIVES

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

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

Cons: By rejecting the sale, 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 continued 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 action does not meet any of the above listed criteria; however it will be posted on the City's website for the May 8, 2012 Council agenda.

COORDINATION

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

FISCAL/POLICY ALIGNMENT

This sale is in alignment with the Mayor's March 2009 Budget Message in the Section Investment Strategies, Item 1h which stated: "The city is currently undergoing a rigorous asset Management review to include the sale of nonessential and underperforming city-owned properties, restructuring of existing leases with for-profit and non-profit operators of city facilities, and leasing of city infrastructure to private or other governmental operators."

COST SUMMARY/IMPLICATIONS

The net proceeds from the sale of this property (\$300,000) will be recognized in the General Fund. Currently, the 2011-2012 modified budget for the General Fund includes a \$1.5 million revenue estimate for the sale of surplus property. The proceeds from this property sale will help meet the budgeted estimate.

CEQA

CEQA: Exempt File No. PDC10-018.

/s/
KIM WALESH
Director of Economic Development
Chief Strategist

For questions, please contact Nanci Klein, Deputy Director, at (408) 535-8184.

Attachments

ATTACHMENT A

DESCRIPTION OF REAL PROPERTY
Parcel A



MARCH 22, 2012

06-130

EXHIBIT "A"

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF SAN JOSE, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 12 OF TRACT 9275 AS SHOWN ON THE MAP FILED FOR RECORD ON DECEMBER 14, 2000 IN BOOK 735 OF MAPS, PAGES 25-35 OF THE RECORDS OF SAID SANTA CLARA COUNTY;

THENCE SOUTH 89° 45' 56" EAST ALONG THE SOUTHERLY LINE OF LOT 12 OF SAID TRACT 9275 AND ALONG THE SOUTHERLY LINE OF TRACT 8907 AS SHOWN UPON THE MAP FILED FOR RECORD ON DECEMBER 4, 1996 IN BOOK 684 OF MAPS, PAGES 28-31 OF THE RECORDS OF SAID SANTA CLARA COUNTY A DISTANCE OF 789.58 FEET TO THE SOUTHEAST CORNER OF LOT 100 AS SHOWN ON SAID TRACT 8907, SAID POINT BEING THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89° 45' 56" EAST ALONG THE PROLONGATION OF SAID SOUTHERLY LINE OF SAID TRACT 8907 A DISTANCE OF 14.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 5,988.00 FEET;

THENCE SOUTHERLY ALONG LAST MENTIONED CURVE FROM WHICH A RADIUS POINT BEARS NORTH 88° 43' 56" WEST THROUGH A CENTRAL ANGLE OF 0° 38' 51" AN ARC DISTANCE OF 67.66 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE LEFT HAVING A RADIUS OF 6,132.00 FEET;

THENCE SOUTHERLY ALONG LAST MENTIONED CURVE FROM WHICH A RADIUS POINT BEARS SOUTH 88° 05' 05" EAST THROUGH A CENTRAL ANGLE OF 1° 58' 55" AN ARC DISTANCE OF 212.11 FEET;

THENCE SOUTH 00° 04' 00" EAST A DISTANCE OF 0.28 FEET TO THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF PARCEL 5 AS DESCRIBED IN THE GRANT DEED RECORDED ON DECEMBER 02, 2011 AS DOCUMENT NO. 21443832, OFFICIAL RECORDS OF SANTA CLARA COUNTY;

THENCE ALONG SAID EASTERLY PROLONGATION NORTH 89° 46' 10" WEST A DISTANCE OF 14.00 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL 5;

1 of 3

DESCRIPTION OF REAL PROPERTY
Parcel A



THENCE ALONG THE EASTERLY LINE OF SAID PARCEL 5 NORTH 00° 04' 00" WEST A DISTANCE OF 0.21 FEET TO THE BEGINNING OF A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 6,146.00 FEET;

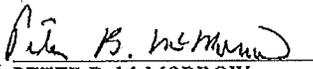
THENCE CONTINUING ALONG SAID EASTERLY LINE OF PARCEL 5, NORTHERLY ALONG LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 1° 58' 55" AN ARC DISTANCE OF 212.60 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE LEFT HAVING A RADIUS OF 5,974.00 FEET;

THENCE CONTINUING ALONG SAID EASTERLY LINE OF PARCEL 5, NORTHERLY ALONG THE LAST MENTIONED CURVE FROM WHICH A RADIUS POINT BEARS NORTH 88° 05' 05" WEST THROUGH A CENTRAL ANGLE OF 0° 38' 42" AN ARC DISTANCE OF 67.25 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING AN AREA OF 3,921 SQUARE FEET (0.09 ACRES) OF LAND, MORE OR LESS.

A PLAT ENTITLED "EXHIBIT B" IS ATTACHED HERETO AND MADE A PART THEREOF.

THIS DESCRIPTION AND THE ACCOMPANYING PLAT WERE PREPARED BY ME OR PREPARED UNDER MY DIRECTION.

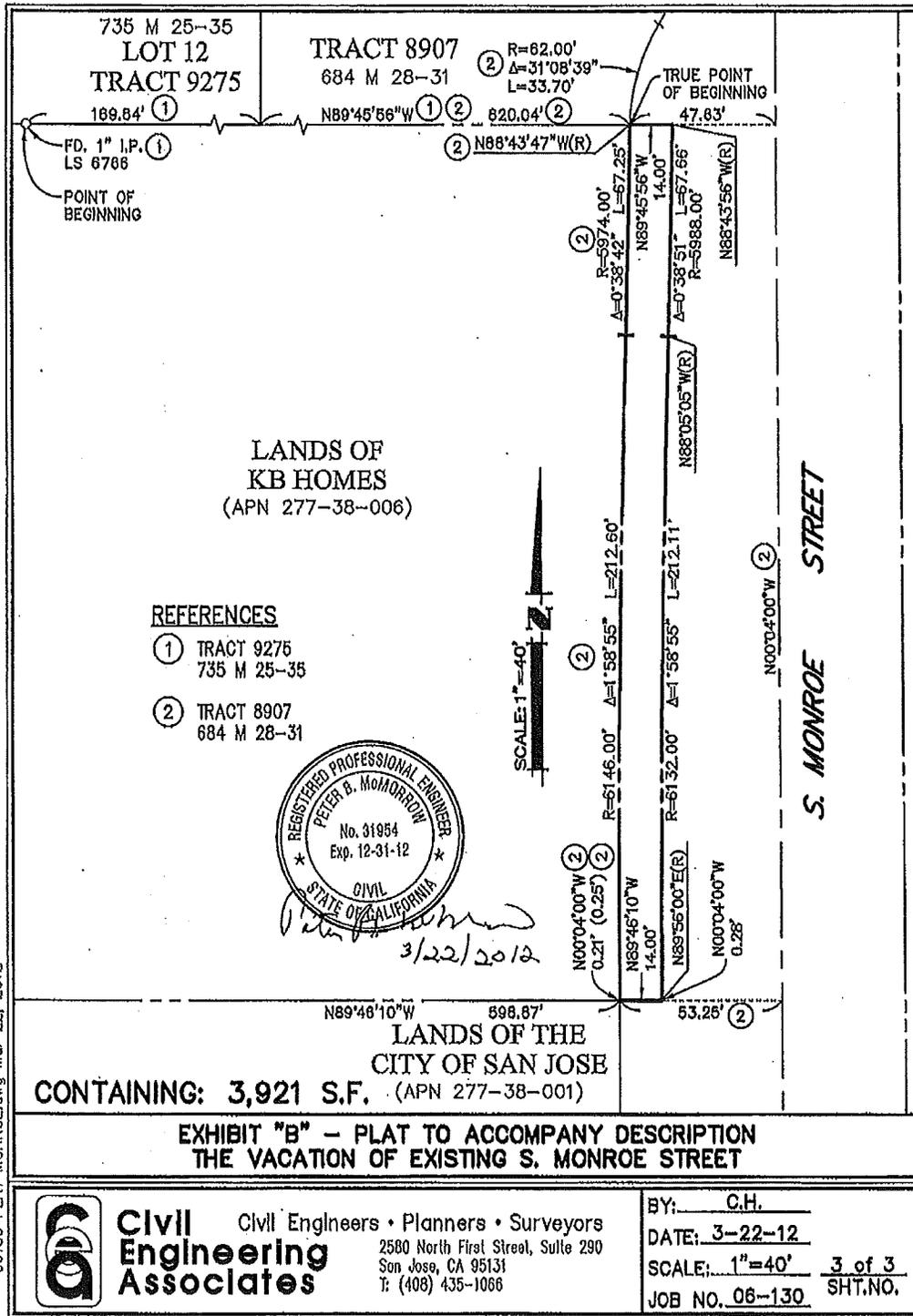

PETER B. McMORROW
R.C.E. 31954

3-22-2012
DATE



DESCRIPTION OF REAL PROPERTY

Parcel A



06130 PLAT MONROE.dwg Mar 22, 2012

<p>Civil Engineering Associates Civil Engineers • Planners • Surveyors 2580 North First Street, Suite 290 San Jose, CA 95131 T: (408) 435-1066</p>	BY: C.H.
	DATE: 3-22-12
	SCALE: 1"=40' 3 of 3 SHT.NO.
	JOB NO. 06-130

ATTACHMENT A

DESCRIPTION OF REAL PROPERTY

Parcel B



MARCH 22, 2012

06-130

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THENCE ALONG THE EASTERLY LINE OF SAID LOT 100, NORTHERLY ALONG LAST MENTIONED CURVE FROM WHICH A RADIUS POINT BEARS SOUTH 88° 43' 47" EAST THROUGH A CENTRAL ANGLE OF 31° 08' 39" AN ARC DISTANCE OF 33.70 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE LEFT HAVING A RADIUS OF 38.00 FEET;

THENCE CONTINUING ALONG SAID EASTERLY LINE OF LOT 100, NORTHERLY ALONG LAST MENTIONED CURVE FROM WHICH A RADIUS POINT BEARS NORTH 57° 35' 08" WEST THROUGH A CENTRAL ANGLE OF 30° 40' 58" AN ARC DISTANCE OF 20.35 FEET;

THENCE SOUTH 01° 43' 54" WEST A DISTANCE OF 51.16 FEET TO THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF SAID TRACT 8907;

DESCRIPTION OF REAL PROPERTY
Parcel B



THENCE ALONG SAID PROLONGATION NORTH 89° 45' 56" WEST A
DISTANCE OF 14.00 FEET TO THE TRUE POINT OF BEGINNING,

CONTAINING AN AREA OF 392 SQUARE FEET (0.009 ACRES) OF LAND, MORE
OR LESS.

A PLAT ENTITLED "EXHIBIT B" IS ATTACHED HERETO AND MADE A
PART THEREOF.

THIS DESCRIPTION AND THE ACCOMPANYING PLAT WERE
PREPARED BY ME OR PREPARED UNDER MY DIRECTION.

Peter B. McMorro
PETER B. McMORROW
R.C.E. 31954

3-22-2012
DATE



DESCRIPTION OF REAL PROPERTY
Parcel B

