



Agenda Item No. \_\_\_\_\_

File Code No. 330.03

# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** February 7, 2012

**TO:** Mayor and Councilmembers

**FROM:** Engineering Division, Public Works Department

**SUBJECT:** Authorize Sale Of Excess City Property At 20 South Milpas Street

### **RECOMMENDATION:**

That Council authorize the Public Works Director to offer the property at 20 South Milpas Street for sale in a public auction, and negotiate final sale terms as provided for and as required by the City Charter and Chapter 4.28 of the Santa Barbara Municipal Code.

### **DISCUSSION:**

The property known as 20 S. Milpas Street, Assessor Parcel Number 017-165-007 (see Attachment 1), was originally granted to the City by the State in 1959 by Resolution No. 3968. The property was part of a remainder parcel related to right of way acquisitions previously done for state highway improvements.

In 1960, the City leased the property to the United States Postal Service (USPS) for use as a parking lot for the adjacent neighborhood Post Office building they were leasing (see Attachment 2). Since that time, the City has continued to renew the parking lot lease with the USPS for various terms of one, three, and five years.

In 1998, based on the request from the USPS for a long-term lease for the parking lot, the City authorized an appraisal to determine the current rental value. The appraisal determined an approximate value of \$50 per parking space. Based on 31 spaces being available at the time, a valuation of \$18,600 per year was determined as market rent for the parking lot, which became the USPS annual lease rate.

Several lease extensions with renewals were then approved until 2001, when it was determined that a five-year lease, with the option to renew for an additional five years, would be more suitable for the USPS in matching their building lease tenancy. This term was approved and commenced.

In 2008, the USPS completed the construction of their new facility off Milpas Street on Cacique Street, and relocated the Post Office. As allowed under the terms of the existing lease, the USPS sublet the parking lot to the new tenant occupying the building premises adjacent to the parking lot.

In December 2010, staff made an internal valuation based on C-2 zoned comparable properties and a sales comparison valuation was done for the property to determine an estimate of market value. A value of \$30 to \$45 per square foot was established. Given the lot size of approximately 10,250 square feet, a market sale valuation for the property was estimated at approximately \$300,000.

In January 2011, staff asked Council to declare the property in excess to the City's needs and future uses. Council approved the proposal reserving final authority to sell the property until the completion of the necessary due diligence, which included preparing the property for sale, including title and conditions research, an initial environmental study, and offering the property to other public entities as required by state law. The due diligence is now complete.

Subsequently, the tenant vacated the building and parking lot. The parking lot lease was terminated by the USPS, effective November 30, 2011.

Given that the City no longer has a valued, long-term, and low maintenance tenant, the vacancy of the adjacent building, and the lack of City need for current or future use of the property, staff is recommending the sale of the property via public auction (see Attachment 3).

**ATTACHMENT(S):** 1) Assessor's Parcel map  
2) Vicinity Map  
3) Proposed Disposition Actions

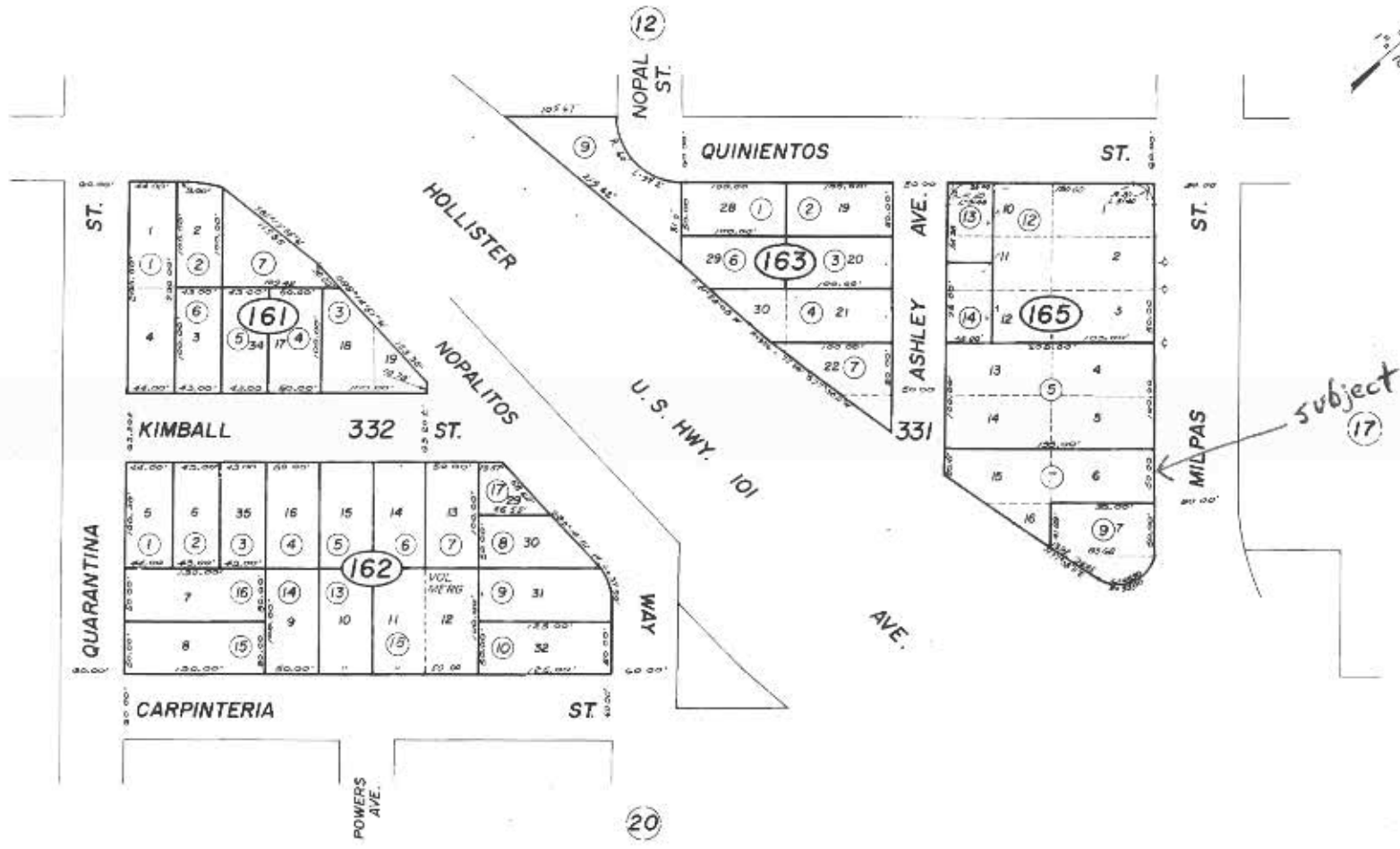
**PREPARED BY:** Pat Kelly, Assistant Public Works Director/City Engineer/DT/mj

**SUBMITTED BY:** Christine F. Andersen, Public Works Director

**APPROVED BY:** City Administrator's Office

PUEBLO LANDS

17-16

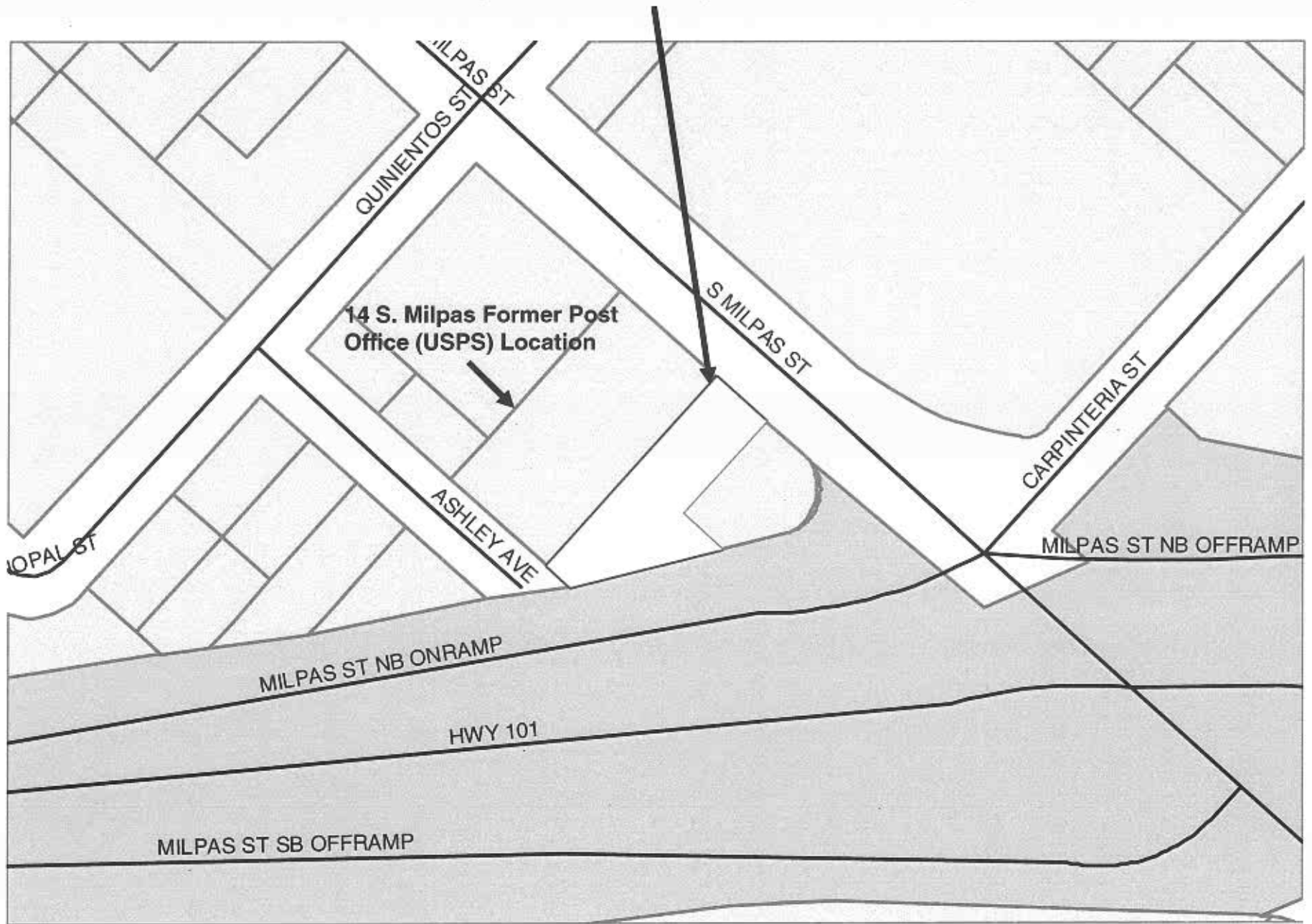


Assessor's Map Bk. 17 - Pg. 16  
County of Santa Barbara, Calif.

NOTE - Assessor's Block Numbers Shown in Ellipses  
Assessor's Parcel Numbers Shown in Circles

52/92 166 00/100 803-20

### 20 S. Milpas Street City owned Parking lot



**Proposed Disposition Actions  
20 South Milpas Street (APN 017-165-007)**

**January 24, 2012**

	<u>Target Dates</u>
Council Action: authorize Public Works Director to sell by public auction	February, 2012
Prepare documents for City Attorney review	February, 2012
Bid Form Agreement of Sale Deed	
Advertising/Notice of Sale	February, 2012
News publication of notices inviting bids Post sale sign at site Notice to adjacent property owners	
Public Auction	March, 2012
Bids received/Negotiate Sale	March, 2012
Prospective purchaser/ low bidder	March, 2012
Council Action	April, 2012
Resolution authorizing execution (City Administrator)	
Escrow	
Submittal of documents	April, 2012
Close of escrow (after effective date of Ordinance)	April-May, 2012