



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** August 14, 2012

**TO:** Mayor and Councilmembers

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

**SUBJECT:** Introduction Of Ordinance Approving Sale Of City Surplus Real Property Located At 20 South Milpas Street

**RECOMMENDATION:** That Council:

- A. Introduce, and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving the Sale of the Surplus Real Property Located at 20 South Milpas Street (APN 017-165-007) to 18-20 Milpas Investors, LLC, a California Limited Liability Company, in the high bid amount of \$570,000; and
- B. Authorize the City Administrator to Execute the Land Purchase Agreement and Escrow Instructions and Title Transfer Documents, as Approved by the City Attorney, to Effectuate the Sale of the Real Property located at 20 South Milpas.

### **DISCUSSION:**

On February 7, 2012, Council authorized the sale of excess real property located at 20 South Milpas Street (Property) pursuant to the Municipal Code Chapter 4.28. On May 15, 2012, a contract for professional services with the Hayes Commercial Real Estate Group was approved for the listing and bid sale of the property. Said commercial services agreement allotted for a six percent selling commission, to be split between the listing and buyer's agents respectively.

The Property is an approximately 10,250 square foot parcel (see Attachment). The Property was originally granted to the City by the State in 1959, by Resolution No. 3968, as part of a remainder parcel related to previous right of way acquisitions for State Highway improvements. The Property has served as a parking lot since that time with the United States Post Office having been the master lessor. Lease revenues have gone to the General Fund.

### **Environmental Review**

The City's Environmental Analyst has determined that the sale of this excess City land is categorically exempt from Environmental Review under California Environmental Quality Act Sec. 15312 (MST2011-00255).

### **Marketing and Sale of Land and Noticing of Auction**

The Hayes Commercial Real Estate Group was contracted to assist with the marketing and bid-sale of the land. A market analysis of the property was completed and a minimum offer/bid price of \$500,000 dollars was determined. The property was listed in commercial real estate periodicals, on the internet, and advertised in local print publications on several occasions. Notice of the City's bid/auction process was published on two different occasions detailing the terms and date of the sealed bid/auction. Information packages were available to all interested parties, five weeks prior to the auction.

As advertised, on July 19, 2012, at 10:00 a.m., the bid/auction took place at the City's Purchasing Office, with the General Services Manager administering the sale. Two sealed bids were received and opened - one for \$500,000 and the other for \$518,000. The low bidder then proceeded to overbid the high bidder by the 10% minimum, as required by Municipal Code. 18-20 Milpas Investors, LLC, a California Limited Liability Company was the winning high bidder at \$570,000. Evidence of financial capability to complete the purchase was demonstrated, and a deposit in the form of a cashier's check for \$25,000 was received from 18-20 Milpas Investors, LLC, a California Limited Liability Company.

### **Financial - Escrow**

Upon execution of the Purchase Agreement and Escrow Instruction by the City Administrator an escrow will be opened and administered by First American Title Company. Title insurance and escrow fees will be split between the City and the buyer. The escrow will also administer the payment of broker-agent sales commissions, and distribute the net remaining sales proceeds to the City as follows:

Gross sale amount	\$570,000.00
Commission (6% split to buyer-seller agents)	(\$34,200.00)
1/2 Title Insurance & Escrow fees	(\$1,593.50)
Reimbursement to Streets fund for repair & striping	(\$5,000.00)
Net proceeds to City General Fund	<b>\$529,206.50</b>

Upon close of escrow, and the effective date of the approving Ordinance, First American Title will be authorized to record the Grant Deed in the Official Records of Santa Barbara County, and the transfer of the title will be completed.

Staff recommends that Council approve the Ordinance as presented and authorize the City Administrator to execute the Land Purchase Agreement and Grant Deed for the sale of the property, as approved to form by the City Attorney.

Council Agenda Report  
Introduction Of Ordinance Approving Sale Of City Surplus Real Property Located At 20  
South Milpas Street  
August 14, 2012  
Page 3

**ATTACHMENT(S):** Vicinity map

**PREPARED BY:** John Ewasiuk, Principal Engineer/DT/mj

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

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

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

