



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 18, 2012

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Introduction Of Ordinance Approving Sale Of City Surplus Real Property Located At 136 West Haley Street And 306 West Ortega 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 136 West Haley Street (APN 037-162-010) to Victor Kirschbaum, in the high bid amount of \$350,000, and 306 West Ortega Street (APN 037-073-028) to G. Scott Armstrong & Cathy L. Armstrong, Trustees of the Armstrong Family Trust U/A/D 2/12/02, in the high bid amount of \$250,000; and
- B. Authorize the City Administrator to execute the Land Purchase Agreements and Escrow Instructions and Title Transfer Documents, as approved by the City Attorney, to effectuate the sale of the real property located at 136 West Haley Street and 306 West Ortega Street.

DISCUSSION:

136 West Ortega Street

On October 25, 2011, Council authorized the sale of excess real property located at 136 West Haley Street pursuant to Chapter 4.28 of the Santa Barbara Municipal Code. The property is an approximately 2,263 square-foot parcel with C-2 zoning designation, containing a one-bedroom, one-bath residence of approximately 606 square feet (Attachment 1). This property was acquired as part of the Haley/De la Vina Street Bridge Replacement Project in May of 2008. 136 West Haley Street underwent a rehabilitation following bridge construction to bring the historic house up to current building codes and to improve interior and exterior finishes for resale value.

306 West Ortega Street

On April 10, 2012, Council authorized the sale of excess real property located at 306 West Ortega Street pursuant to Chapter 4.28 of the Santa Barbara Municipal Code. The property is an approximately 3,357 square foot parcel with R-4 zoning designation, containing a two bedroom, one-bath residence. The property was separated from a larger parcel containing an eight unit rental complex (Attachment 2). The separation occurred as part of the necessary right of way acquisition for the Ortega Street Bridge Replacement Project that occurred in June of 2010. Minor exterior repairs and the undergrounding of the electrical service meter at 306 West Ortega Street were completed after the bridge construction and prior to sale.

Marketing, Sale, and Noticing of Bid/Auction

On May 15, 2012, Council approved a contract for professional services with Goodwin & Thyne Properties to assist with the marketing, listing and sale of the properties. The professional service agreement allotted a four percent commission upon the sale of the properties; one and one-half percent to be paid to Goodwin & Thyne as the listing agent, and two and one-half percent to the buyer's agent.

A market analysis of both properties was completed by Goodwin & Thyne Properties. A minimum offer/bid price of \$295,000 was determined for 136 West Haley Street, and a minimum offer/bid price of \$275,000 was initially established for 306 West Ortega Street. The properties were listed in the Multiple Listing Services, 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/auctions. Information packages were available to all interested parties five weeks prior to the auction.

As advertised, on August 8, 2012, at 10:00 a.m., the bid/auction took place for 306 West Ortega Street at the City's Purchasing Office, with the General Services Manager administering the sale. No sealed bids were received, and no oral minimum bids were made at the auction. Subsequently, a new minimum bid price of \$239,000 was set at the recommendation of Goodwin & Thyne Properties to maximize potential buyer interest. The sale of the property at the new reduced price was re-noticed and advertised for auction on August 28, 2012. The bid/auction took place as advertised on August 28, 2012, and one bid was received for \$250,000. There were no oral overbids. The high bid in the amount of \$250,000 was made by G. Scott Armstrong & Cathy L. Armstrong, Trustees of the Armstrong Family Trust U/A/D 2/12/02, who listed Miguel Avila of Sterling Real Estate as their real estate agent. Evidence of financial capability was provided along with a check deposit of \$7,500.

As originally advertised, the bid/auction for 136 West Haley Street took place on August 22, 2012, at 10 a.m., with the General Services Manager administering the sale. Four sealed bids were received and opened as follows: \$331,333; \$306,500; \$333,333.01; and \$350,000. In accordance with the Municipal Code, the bidders were allowed to provide oral overbids, however, none were received. The high bid in the amount of \$350,000 was made by Victor Kirschbaum, who was represented by Bryan Uhrig of Coldwell Banker.

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Evidence of financial capability to complete the purchase was demonstrated, and the required deposit in the form of a check for \$10,500 was received from the buyer's agent, Mr. Uhrig.

Financial - Escrow

Upon execution of the Purchase Agreements and Escrow Instructions by the City Administrator, two escrows will be opened and administered by First American Title Company. Title insurance and escrow fees for each will be split between the City and the respective property buyers. The escrows will also administer the payment of the seller-agent sales commission, and distribute the net remaining sales proceeds to the City as follows:

136 West Haley Street

Gross bid-sale amount	\$350,000.00
Commission (2.5% to buyer's agent)	(\$8,750.00)
Commission (1.5% to seller's agent)	(\$5,250.00)
1/2 Title Insurance & Escrow fees	(\$2,284.45)
Net proceeds to the Streets Fund	\$333,715.55

306 West Ortega Street

Gross bid-sale amount	\$250,000.00
Commission (2.5% to buyer's agent)	(\$6,250.00)
Commission (1.5% to seller's agent)	(\$3,750.00)
1/2 Title Insurance & Escrow fees	(\$1,821.50)
Net proceeds to the Streets Fund	\$238,178.50

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

The net proceeds from the sale go to the City Streets Fund and can only be used towards eligible federal projects. These funds can be used as City matching funds for eligible City bridge replacement projects.

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Staff recommends that Council approve the Ordinance as presented and authorize the City Administrator to execute the Purchase Agreements and Grant Deeds for the sale of the properties, as approved to form by the City Attorney.

ATTACHMENT(S): 1. Parcel and Vicinity map for 136 West Haley Street
2. Parcel and Vicinity map for 306 West Ortega Street

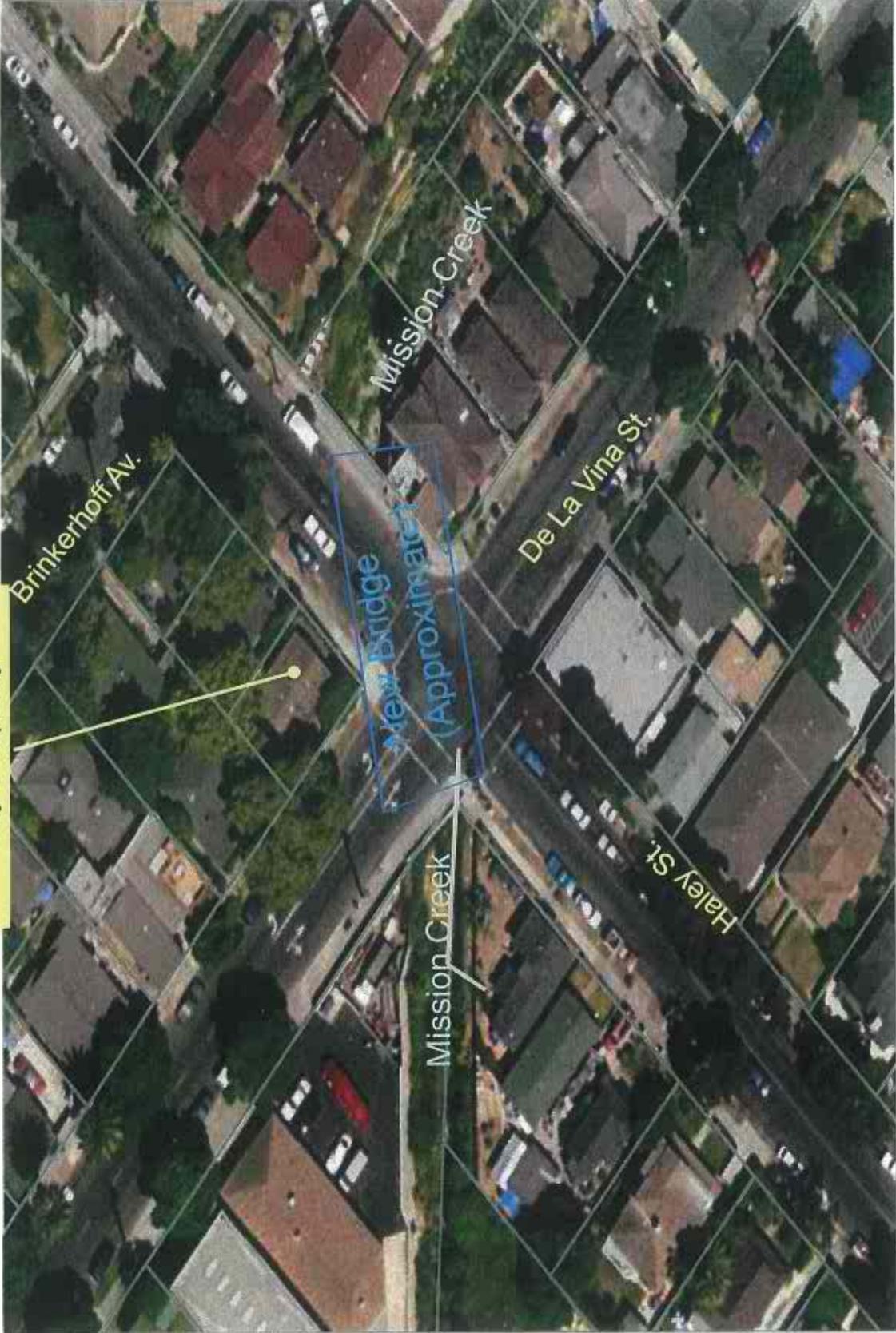
PREPARED BY: John Ewasiuk, Principal Engineer/DT/kts

SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator's Office

Attachment 1

136 W. Haley St.
City Property



136 West Haley Street



306 West Ortega Street

ATTACHMENT 2

