



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 15, 2015

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Contract For Professional Services For The Listing And Sale Of Excess City Properties Acquired For Bridge Replacement Projects

RECOMMENDATION:

That Council authorize the Public Works Director to execute a contract for professional services with Goodwin & Thyne Properties for the listing and sale of the excess residential City-owned properties known as 221 West Cota Street, 230 West Cota Street, 536 Bath Street, and 20 West Mason Street.

DISCUSSION:

The residential properties known as 221 West Cota Street, 230 West Cota Street, 536 Bath Street, and 20 West Mason Street were acquired for the Cota Street and Mason Street Bridge Replacement Projects, respectively. The properties were declared excess by the City on July 14, 2015, and are subject to disposal under Government Code Section 54220 and City guidelines by public auction, in accordance with Santa Barbara Municipal Code (SBMC) Chapter 4.28, and Section 520 of the Santa Barbara City Charter.

The properties were acquired with project federal grant funding due to their proximity to the bridge replacement projects and the potential of being damaged during the demolition and new bridge construction.

The Cota Bridge Replacement Project (Cota Project) is scheduled for substantial completion in late November 2015. The award of contract for sale of the excess properties is recommended at this time, so that their close of escrow will coincide with the completion of the Cota Project. This will allow for the use of the sales proceeds for additional City Bridge funding needs as soon as they are available.

The Mason Street Bridge Replacement Project is scheduled for completion in the summer of 2016. Even though the actual listing and marketing of 20 West Mason Street will not begin until the spring of 2016, staff has included the real estate brokerage fees in the contract for reasons of efficiency and cost effectiveness.

Staff solicited requests for proposals for the sale of excess properties from a pool of professional real estate companies using a similar process that was used in 2012 for the Haley-De La Vina and Ortega Bridge Replacement Projects, which required the sale of three excess properties. The top five firms were selected from the top 20 real estate companies in the County of Santa Barbara, as reported by the Santa Barbara Association of Realtors. The criteria for selection were based on the total number of completed sales transactions and the total dollar volume of sales transactions for the period between January 1 and July 10, 2015. A sixth company that was ranked outside the top five, Goodwin & Thyne Properties (Goodwin and Thyne), was selected based on their successful past performance with excess property sales for the City.

The intent of hiring a full-service professional real estate company is to maximize the exposure of the properties to the marketplace via the Multiple Listing Service (MLS) and all other marketing resources provided by a professional real estate company. In the past, this additional marketing, in conjunction with the City's required bid/auction sale process, has improved the exposure and awareness of the public to the auction process. This has helped to maximize the net property sales proceeds and establish the best use of the properties.

Staff is recommending that the City enter into a contract with Goodwin & Thyne for the sale of the excess residential City-owned properties. They have the necessary resources for wide exposure of the properties, and a proven track record as a top performing company based on the total number of completed sales transactions and the total dollar volume of property sales. Goodwin & Thyne has also proposed the lowest cost to sell the properties offering a 1.5 percent commission fee for their services and a 2.0 percent fee for the buyer's agent, for a total fee of 3.5 percent. The standard commission fee proposed by the other real estate companies was between 4.5 and 5 percent.

The company's familiarity with the City's public bid/auction process and its understanding of the scope of work should allow for efficiency and timeliness in maximizing the net sales proceeds to the City.

BUDGET/FINANCIAL INFORMATION:

The actual cost of sales and the net proceeds will be determined by the final sales prices obtained through public auction. It is noted that all shared realtor costs and other sale/escrow expenses will be paid from the sales transactions when completed at the close of escrow. The net proceeds can only be used for eligible federally funded projects. Of the estimated \$4,076,738 revenue, \$3,370,345 has already been appropriated and encumbered, in anticipation of these property sales, to fund a portion of the City match for various bridge replacement projects. It is currently estimated that an additional \$700,000 of revenue may be received and appropriated for future City match on upcoming federally funded bridge replacement projects.

The table below summarizes the approximate anticipated sales prices, to be realized based on current market comparables and the associated realtor sales costs.

Goodwin & Thyne Properties - Residential Excess City Properties

| | 221 West Cota | 230 West Cota | 536 Bath | 20 West Mason | Commission | Totals |
|------------------------------------|----------------------|----------------------|------------------|----------------------|-------------------|--------------------|
| Estimated Sale Price | \$693,200 | \$673,900 | \$502,500 | \$2,355,000 | | \$4,224,600 |
| Realtor Seller Commission at 1.5% | \$10,398 | \$10,109 | \$7,538 | \$35,325 | \$63,370 | |
| Realtor Buyer Commission at 2.0% | \$13,864 | \$13,478 | \$10,050 | \$47,100 | \$84,492 | |
| Total Commission | \$24,262 | \$23,587 | \$17,588 | \$82,425 | | (\$147,862) |
| Estimated Net Sale Proceeds | \$668,938 | \$650,313 | \$484,912 | \$2,272,575 | | \$4,076,738 |

The associated sales cost for the property listings is estimated at \$147,862, based on the anticipated sales price estimates for the properties.

Given the benefits of using a professional real estate company for maximizing the highest net sales proceeds and anticipated best use for these properties, staff recommends approval of this contract as proposed.

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

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office