



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 18, 2016

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Introduction Of Ordinance Approving Sale Of Excess City Land Related To The Mason Street Bridge Replacement Project

RECOMMENDATION:

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving and Authorizing the City Administrator to Execute the Land Purchase Agreement, Escrow Instructions, and Grant Deed as Approved by the City Attorney for the Sale of Certain City Excess Land, Located at 20 West Mason Street, to Stuart Rubin in the amount of \$2,840,000.

DISCUSSION:

On July 14, 2015, Council authorized the sale of excess real property located at 20 West Mason Street (Property) pursuant to the Santa Barbara City Charter Section 520 and Municipal Code Chapter 4.28. The Property was acquired as a necessary right of way acquisition for the Mason Street Bridge Replacement Project (Project), which is now nearing substantial completion.

The intent, as with other necessary acquisitions done for past bridge projects, has been to protect the properties in place during construction, complete any necessary repairs to the properties upon completion of the Project, and sell the properties as excess to the City's needs. The proceeds from the sale are restricted for use for eligible transportation projects including bridge replacement projects.

On September 15, 2015, a contract for Professional Services Agreement with Goodwin and Thyne Properties (Goodwin and Thyne) was approved for the listing, marketing, and bid/auction sale of the Property. The Professional Services Agreement allowed for a three and one-half percent selling commission, with one and one-half percent to be paid to Goodwin and Thyne as the listing-seller's agent, and two percent to the buyer's agent, should there be one. In the absence of a buyer's agent, the total selling commission would be one and one-half percent of the gross sales price to Goodwin and Thyne.

SUMMARY OF EXCESS PROPERTY:

20 West Mason Street is a two-story triplex with a studio and bath unit, a two bedroom, one bath unit downstairs, with a larger two bedroom, two bath unit with front and back decks on the second floor. It is located adjacent to the northwesterly bank of Mission Creek and the Mason Street Bridge (See Attachment). The Property was originally acquired as approved by Council on May 7, 2013, as a necessary right of way acquisition for the Project, due to its proximity to the creek bank and existing bridge, and anticipated damages to the Property as a consequence of construction.

Environmental Review:

California Environmental Quality Act Guidelines (CEQA), Section 15312, exempts from CEQA review, the sale of surplus government property except for parcels of land located in an area of statewide, regional, or area wide concern identified in CEQA Section 15206(b)(4). A review of the Property and a Notice of Exemption was completed on May 17, 2016, by City staff. The parcel is not located in an area of statewide, regional, or area wide concern. The parcel is developed as a triplex for residential use.

Marketing and Sale of Land and Noticing of Auction:

Goodwin and Thyne was contracted to manage the marketing and bid/auction sale process as well as a market analysis of value for the excess Property. A minimum offer/bid price for the Property of \$2,750,000 was established. The Property was listed in the Multiple Listing Service, 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, date, and location of the sealed bid/auction. Information packages were made available to all interested parties five weeks prior to the auction.

As advertised, on September 27, 2016, at 10:00 am, the bid/auction took place at 630 Garden Street in the main Public Works Conference Room for the Property, with the General Services Manager administering the sale.

The Property bid/auction produced one qualifying minimum bid, in the amount of \$2,840,000, submitted by Stuart Rubin. Evidence of financial capability to complete the purchase was demonstrated and a deposit of \$85,200 (three percent of purchase price) was submitted with the bid, as required.

BUDGET/FINANCIAL INFORMATION:

Financial – Escrow:

Upon execution of the Purchase Agreement, Escrow Instructions, and Grant Deed by the City Administrator, escrow will be opened and administered by First American Title Company, Inc. Title insurance and escrow fees will be split between the City and the

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buyer. The escrow will also administer the payment of the seller-agent sales commission and distribute the net remaining sales proceeds to the City as follows:

20 West Mason Street:

Gross sale amount	\$2,840,000
Commission (1.5 percent to seller-agent)	-\$42,600
One-half Title Insurance and Escrow fees (approximate)	-\$1,653
Net proceeds to City (approximate)	\$2,795,747

The buyer was located and represented by Goodwin and Thyne. The Professional Services Agreement with Goodwin and Thyne, as the selling agent for the City, limits them to a total commission of one and a half percent. A two percent commission was offered for a buyer's agent when the Property was listed and advertised. Since the buyer's agent was Goodwin and Thyne, the same as the seller's, the City realizes \$56,800 in commission savings.

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

The City anticipated proceeds from the sale of this Property, and previously appropriated expenditures and estimated revenues from a portion of the net proceeds. The appropriations were used to cover portions of the City-funded construction match for the Cabrillo Bridge Replacement Project. In addition, funds have been temporarily borrowed from the Pavement Overlay account to fund portions of the City match for the Gutierrez, De la Guerra, and De La Vina Bridge Replacement Projects. After returning funds to these projects, there will be \$1,137,742, from the sale proceeds available for current projects.

The majority of the available net proceeds are intended to be used for the construction match of the Gutierrez Street Bridge Replacement Project, as well as for other upcoming bridge projects. Appropriation of these funds will be requested separately in future Council Agenda Reports.

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

A copy of the Land Purchase Agreement is available for public review in the City Clerk's Office.

ATTACHMENT: Aerial Map for Property Sale at 20 West Mason Street

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

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office

20 West Mason Street Property For Sale as Excess

