



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	\$529,206.50

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

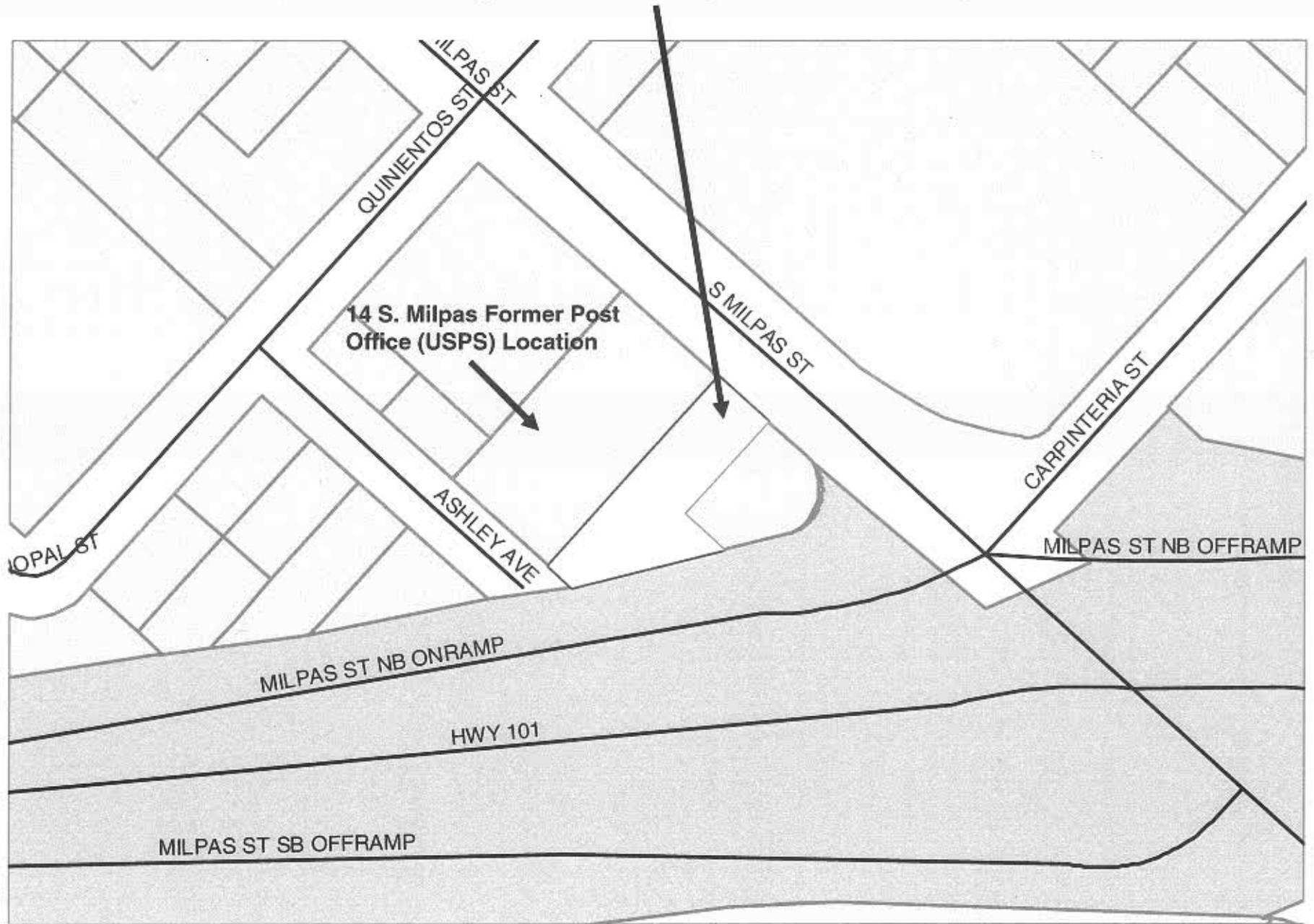
ATTACHMENT(S): Vicinity map

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





Sale of 20 South Milpas Street

August 14, 2012



Recommendations For Council Action

- A. Introduce, and subsequently adopt, an Ordinance Approving the Sale of 20 South Milpas, and*
- B. Authorize the City Administrator to execute the Land Purchase Agreement, escrow instructions and title transfer documents to effectuate the sale of 20 South Milpas Street*

20 S. Milpas Street Post Office City Owned Parking lot



View Toward Milpas Street





20 South Milpas Site Data

- ◆ *Paved parking lot*
- ◆ *Approximately 10,250 square feet*
- ◆ *Zoned C-2/M-1*
- ◆ *Level irregular shape lot*
- ◆ *Milpas Street & Ashley Avenue access*
- ◆ *Utilities available at street frontages*



20 South Milpas Background

- ◆ *1954 - Highway 101 Freeway acquisition by Caltrans*
- ◆ *1959 – Caltrans granted lot to City*
- ◆ *1960 – City lease to U.S.P.S*
- ◆ *Since 1960 – U.S.P.S. lease renewals*



20 S. Milpas Background (cont)

- ◆ *2008 – Post Office moved to new Post Office at 107 Nopalitos Way*
- ◆ *2008 – U.S.P.S. sub-leased old Milpas Post Office building and parking lot to commercial tenant*
- ◆ *Since 2008 → Parking lot used by U.S.P.S. sub-tenants*



20 S. Milpas Background (cont)

- ◆ *2011 – City Council declared Parking Lot “excess” and eligible for sale*
- ◆ *2011 – Old Milpas Post Office Building Vacated by U.S.P.S. Sub-Tenants*
- ◆ *2011 – Lease with U.S.P.S. Expired*
- ◆ *February 7, 2012 Council authorized the sale of 20 South Milpas*



Disposition Process

- ◆ *Assure CEQA review for Conformance*
- ◆ *Offer sale to public agencies, parks, housing, etc.*
- ◆ *Offer sale to adjacent owner(s) if not feasible for stand-alone uses*
- ◆ *Advertize and offer sale at public auction*



Disposition Process (cont)

- ◆ *Execute sale agreement with highest bidder*
- ◆ *Balance of sale price paid through escrow*
- ◆ *Recordation of deed*



Sale by Public Auction (cont)

- ◆ *Hayes Commercial Real Estate Group contracted to assist with marketing and bid-sale of 20 South Milpas*
- ◆ *Five week advisement, minimum offer/bid price was \$500,000*
- ◆ *July 19th bid/auction held*
- ◆ *Two sealed bids received*



Sale by Public Auction (cont)

- ◆ *Low Bid was \$500,000*
- ◆ *High Bid was \$518,000*
- ◆ *Low bidder overbid the high bidder by the 10% minimum as required by City Municipal Code*
- ◆ *18-20 Milpas Investors, LLC was the final high bidder at \$570,000*



General Fund Deposit

- ◆ *The funds received from the sale of this excess property will be deposited into the General Fund*
- ◆ *The deposit will include the highest bid sale price, less associated costs for marketing, escrow, etc.*

Sale by Public Auction (cont)

20 South Milpas Sale Funds Distribution

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	\$529,206.50



Recommendation For Council Action

In Conclusion staff recommends Council:

- A. Introduce, and subsequently adopt, an Ordinance Approving the Sale of 20 South Milpas, and*
- B. Authorize the City Administrator to execute the Land Purchase Agreement, escrow instructions and title transfer documents to effectuate the sale of 20 South Milpas Street*

Questions?

