



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: June 14, 2011

REPORT NO: 11-093

ATTENTION: Land Use and Housing Committee Chairman and Committee Members  
Agenda of July 20, 2011

SUBJECT: Sale of 1331 Morena Boulevard

REQUESTED ACTION:

Authorize the sale of the City property (leased fee interest), located at 1331 Morena Boulevard Street, San Diego, CA, at a minimum price of \$1,350,000.

Authorize payment of a real estate broker commission in an amount not to exceed three percent of the final sale price to CB Richard Ellis.

STAFF RECOMMENDATION:

Authorize the requested actions.

BACKGROUND:

The leased fee interest "Property" is excess portion of a larger parcel that was purchased with Gas Tax funds in 1957 for the widening of Morena Boulevard and the street was dedicated for street purposes in 1969. In 1983, the excess Property was ground leased for 30 years to Tecolote Associates, who constructed a 10,496 SF, 2-story office building on the Property. Tecolote Associates ground lease expires 6/30/13.

Pursuant to Council Policy 700-10, the Property meets the criteria for sale. Selling the City Property will relieve the City of potential liabilities, provide public benefit, and will generate revenue for the Gas Tax Street Improvement Fund. The Property is not currently used by a City department, does not support a municipal function, and has no foreseeable use by the City.

The Property has been deemed in excess to City needs and was cleared for sale in May 2010, pursuant to Council Policy 700-10 and the Land Clearance Process, California Government Code Section 54220.

An appraisal of the Property prepared by an independent MAI appraiser determined the value of the Property to be \$1,350,000.

If the Property cannot be sold at a price equal to or greater than the Council-approved minimum price, it will be returned to Council for further consideration prior to disposition.

Pursuant to Council Policy 700-10, the real estate broker was selected through a Request for Proposal and subsequent bid.

FISCAL CONSIDERATIONS:

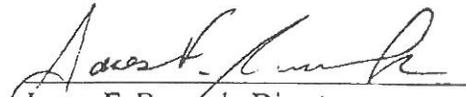
Proceeds from the sale, minus the costs related to the sale, will be deposited into Gas Tax Street Improvement Fund 200118.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

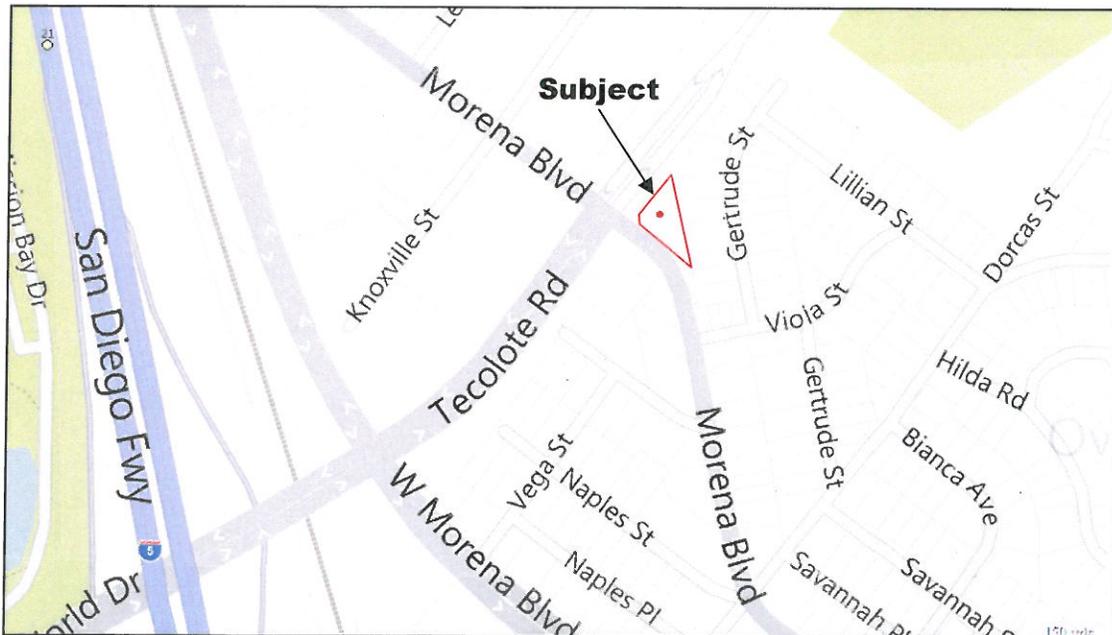
N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

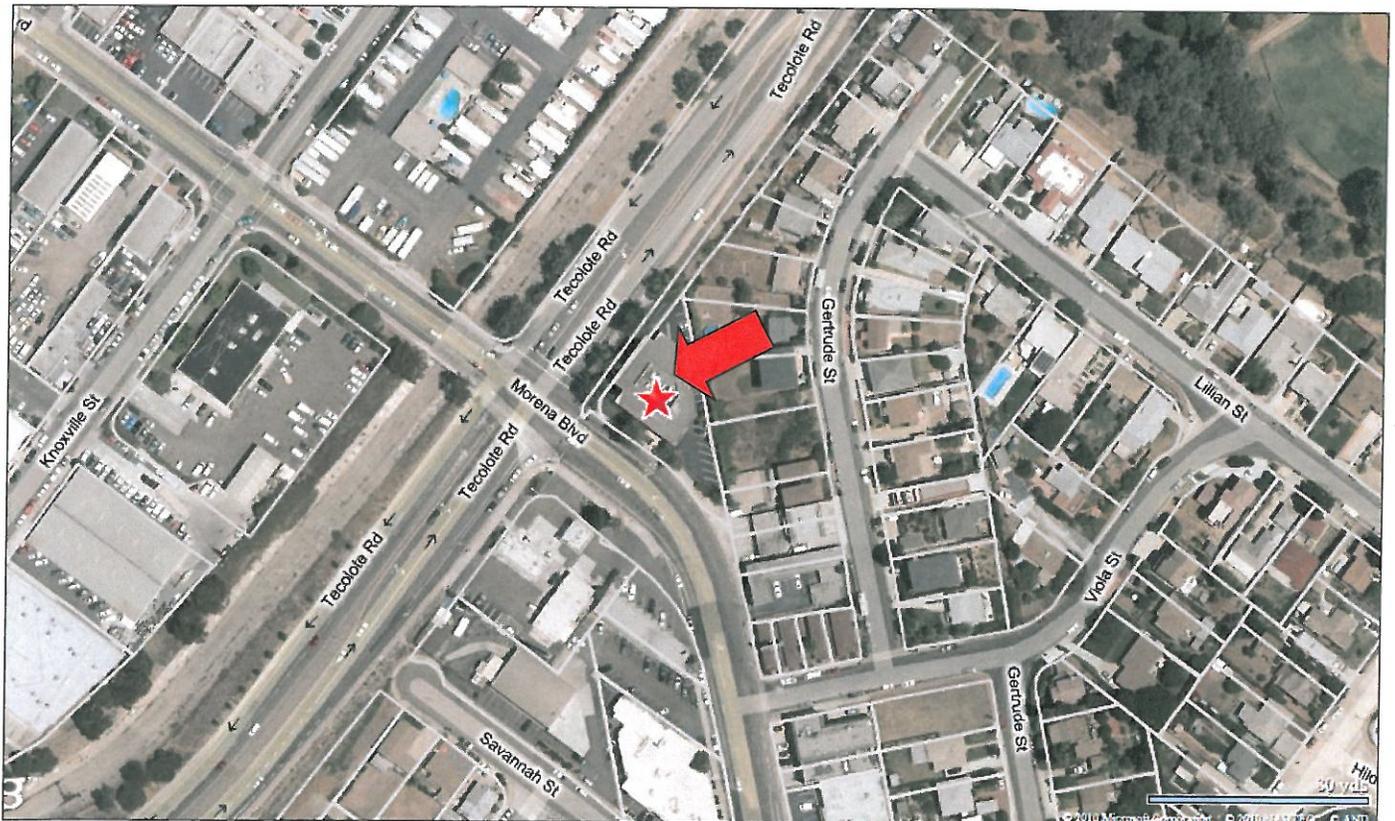
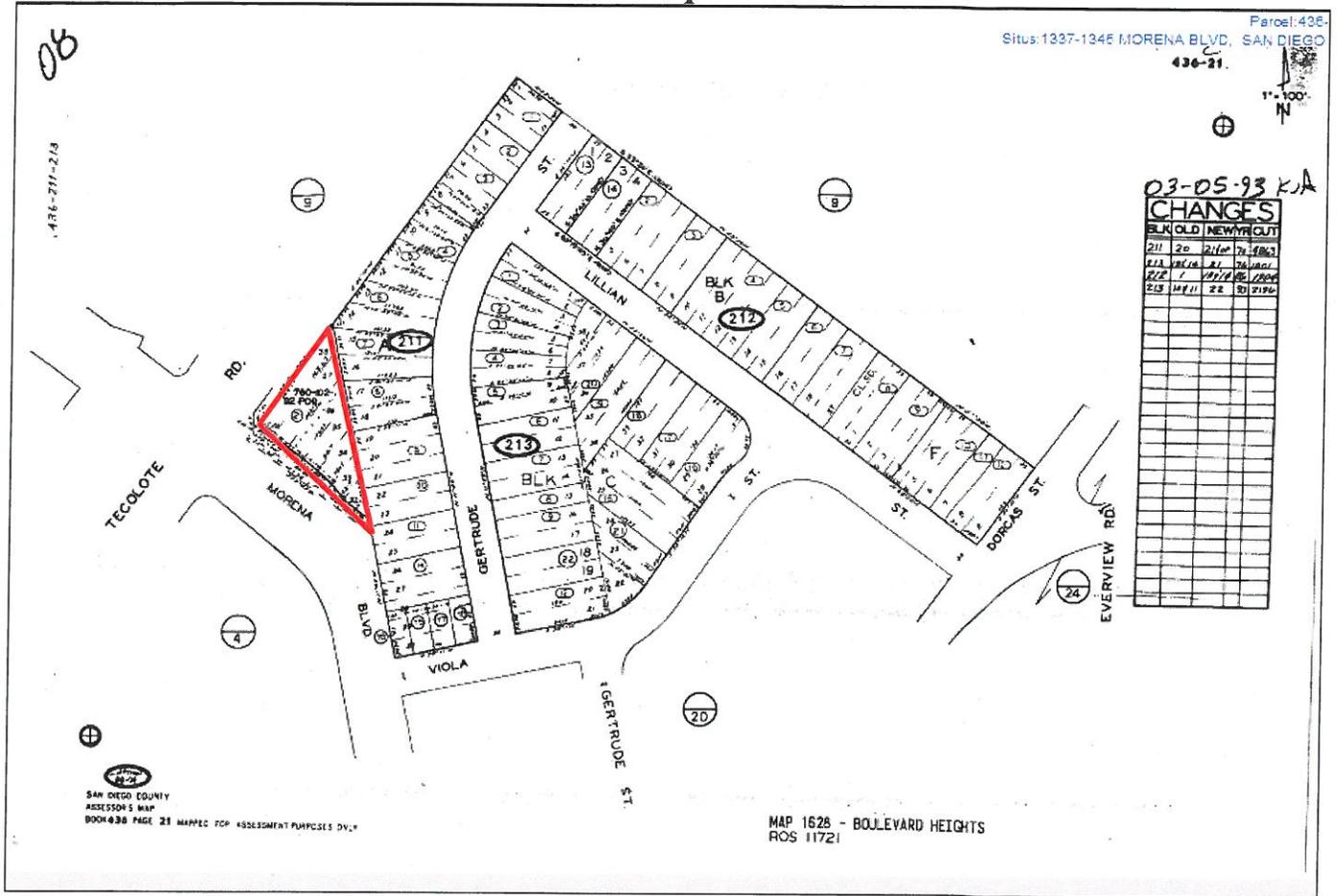
City of San Diego.

  
James F. Barwick, Director  
Real Estate Assets Department

  
Jay M. Goldstone  
Chief Operating Officer



# Assessor Map & Aerial



RESOLUTION NUMBER R-\_\_\_\_\_

DATE OF FINAL PASSAGE \_\_\_\_\_

A RESOLUTION OF THE COUNCIL OF THE CITY OF  
SAN DIEGO AUTHORIZING THE SALE OF CITY-OWNED  
REAL PROPERTY AT 1331 MORENA BOULEVARD AND  
THE PAYMENT OF A REAL ESTATE BROKERAGE  
COMMISSION.

WHEREAS, The City of San Diego (City) owns real property (Property) consisting of approximately .42 acre of land improved with an approximately 10,496 square-foot, two-story office building and located at 1331 Morena Boulevard, San Diego, California 92110; and

WHEREAS, the Property was purchased in 1957 with Gas Tax Fund monies for the widening of Morena Boulevard; and

WHEREAS, the Property is not currently used by a City department and does not support a municipal function; and

WHEREAS, the Property is currently subject to a ground lease that expires on June 30, 2013, but has two ten-year options to extend the term; and

WHEREAS, the proceeds of the proposed sale of the Property will generate revenue for the Gas Tax Capital Outlay Fund for street improvements; and

WHEREAS, the fair market value of the Property as determined by an appraisal performed by a qualified, independent MAI appraiser as of February 8, 2011, is \$1,350,000; and

WHEREAS, City staff propose to retain CB Richard Ellis, a real estate broker selected through a request-for-proposals process and subsequent bid, to represent the City and facilitate

the sale of the Property for a sale commission not to exceed three percent (3%) of the sale price;  
NOW, THEREFORE,

BE IT RESOLVED, by the San Diego City Council as follows:

1. That that certain City-owned property (Property) consisting of approximately .42 acre of land improved with an approximately 10,496 square-foot, two-story office building and located at 1331 Morena Boulevard, San Diego, California 92110, may be sold because the Property is not currently used by a City department and does not support a municipal function, and the sale will generate revenue for the Gas Tax Capital Outlay Fund for street improvements.
2. That the fair market value of the Property is \$1,350,000 as determined by an appraisal performed by a qualified, independent MAI appraiser, and that value shall be the minimum amount the Council will consider for the sale of the Property.
3. That, as required by San Diego Municipal Code (SDMC) section 22.0902(d), the City may, at its discretion, pay a real estate broker's commission under the provisions of SDMC section 22.0905 for the sale of the Property.
4. That the retention of CB Richard Ellis to represent the City and facilitate the sale of the Property and the payment of a sale commission not to exceed three percent (3%) of the sale price is authorized.
5. That the Property will be sold by any method allowed by Council Policy and the San Diego Municipal Code.
6. That the Mayor or his designee is authorized to negotiate a sale of the Property at or above the minimum amount the Council will consider for the sale of the Property, and

to execute and deliver, on behalf of the City, purchase and sale agreements, grant deeds, and all other agreements and documents necessary and on terms and conditions deemed by the Mayor or his designee to be reasonable and in the best interests of the City to consummate the sale.

7. That the Chief Financial Officer is authorized to appropriate and expend funds for the payment of the real estate brokerage commission authorized by this Resolution and as provided in San Diego Municipal Code section 22.0905.
8. That the Comptroller is authorized to accept and deposit the proceeds of the sale of the Property, net of costs related to the sale, into Gas Tax Street Improvement Fund 200118.
9. That this authorization will be valid for twelve months after the date of final passage of this Resolution.

APPROVED: JAN I. GOLDSMITH, City Attorney

By

\_\_\_\_\_  
Brock L. Ladewig  
Deputy City Attorney

BLL:mm  
07/13/2011  
Or.Dept:READ  
PL#2011-06970

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of \_\_\_\_\_.

ELIZABETH S. MALAND  
City Clerk

By \_\_\_\_\_  
Deputy City Clerk

Approved: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor

DRAFT