

<b>REQUEST FOR COUNCIL ACTION</b> CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY) n/a
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TO: CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): Real Estate Assets	DATE: 12/30/2015
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SUBJECT: Authorization to Sell City Property at the SE Corner of Jamacha at Cardiff and Pay a Real Estate Broker Commission

PRIMARY CONTACT (NAME, PHONE): Mary Carlson, 619-236-6079, MS 51A	SECONDARY CONTACT (NAME, PHONE): Cybele Thompson, 619-236-6145, MS 51a
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**COMPLETE FOR ACCOUNTING PURPOSES**

FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00



FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

**COST SUMMARY (IF APPLICABLE):**

**ROUTING AND APPROVALS**

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Environmental Analysis	ORIG DEPT.	Thompson, Cybele	01/02/2016
Liaison Office	CFO		
Financial Management	DEPUTY CHIEF	Villa, Ron	01/08/2016
Comptroller	COO		
	CITY ATTORNEY	Ables, Melissa	
	COUNCIL PRESIDENTS OFFICE		

PREPARATION OF:     RESOLUTIONS     ORDINANCE(S)     AGREEMENT(S)     DEED(S)

1. Authorize the Mayor or his designee to sell City owned property located at SE Corner of Jamacha at Cardiff, APN 577-370-20
  
2. Authorize the Chief Financial Officer to accept and deposit the proceeds of the sale of Jamacha & Cardiff, net of costs related to the sale, into the Capital Outlay Fund 400002.
  
3. Authorize the payment of a real estate broker commission for the sale of the property in conformance with

San Diego Municipal Code Section 22.0905.

4. Determine that the sale is exempt from CEQA in accordance with State CEQA Guidelines section 15312 (Surplus Government Property Sales).

**STAFF RECOMMENDATIONS:**  
Approve the Requested Actions.

**SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)**

<b>COUNCIL DISTRICT(S):</b>	4
<b>COMMUNITY AREA(S):</b>	Skyline Paradise Hills
<b>ENVIRONMENTAL IMPACT:</b>	This activity is categorically exempt from CEQA pursuant to Section 15312 of the State CEQA Guidelines.
<b>CITY CLERK INSTRUCTIONS:</b>	DO NOT RECORD – please deliver documents to Real Estate Assets Department, Attn: Mary Carlson, MS 51-A for further handling.

**COUNCIL ACTION**  
**EXECUTIVE SUMMARY SHEET**  
CITY OF SAN DIEGO

DATE: 12/30/2015

ORIGINATING DEPARTMENT: Real Estate Assets

SUBJECT: Authorization to Sell City Property at the SE Corner of Jamacha at Cardiff and Pay a Real Estate Broker Commission

COUNCIL DISTRICT(S): 4

CONTACT/PHONE NUMBER: Mary Carlson/619-236-6079, MS 51A

**DESCRIPTIVE SUMMARY OF ITEM:**

Authorize the Mayor or his designee to sell City owned property located at the SE Corner of Jamacha at Cardiff, APN 577-370-20 at or above its appraised value and pay a real estate broker commission based on a percentage of the final sale price.

**STAFF RECOMMENDATION:**

Approve the Requested Actions.

**EXECUTIVE SUMMARY OF ITEM BACKGROUND:**

As part of the portfolio management plan for the City's real estate assets, City staff reviews the City's property inventory to determine which properties are no longer needed to support a municipal function. Factors considered when determining which properties should be sold include 1) relief of potential liabilities and/or the cost of maintaining property; 2) property tax increment that will be created by returning the property to the tax rolls; 3) stimulation of the economy by providing opportunities for private sector investment; 4) generation of revenue.

Council Policy 700-10 states that City owned properties may become available for sale if at least one of the following criteria has been met: 1) The property is not currently used by a City department or does not support a municipal function; 2) the property is vacant has no foreseeable use by the City; 3) the property is a non-performing or under-performing asset and greater value can be generated by its sale; 4) Significant economic development opportunities can be generated by selling the property. The proposed properties for sale meet the criteria for sale per the Council Policy.

The property at the SE corner of Jamacha and Cardiff has been cleared for sale in accordance with California Government Code Section 54220. City departments were also notified and given an opportunity to retain the property. No City department has any current or foreseeable use for the property and the property has been determined to be excess to the City's needs.

The property, acquired in 1953, was considered surplus public Right of Way, and not required for street or highway purposes. In May 29, 2007, the property was authorized for sale (R-302653). City staff processed a street vacation in March 2009 (R-304664) and created a legal parcel. The property was in escrow for sale, however, the buyer did not complete the sale. The recession that began in 2008, adversely affected the real estate market and the property was taken off the market.

The property was recently appraised by an independent MAI designated appraiser who determined the fair market value to be \$630,000. The property will be re-appraised at least once every twelve months until sold and the resulting fair market value of the property shall become the minimum acceptable sales price.

The commercial real estate brokerage firm, Jones Lang LaSalle, will be used to represent the City and facilitate the sale of the property on the open market. Jones Lang LaSalle was selected through a Request for Statement of Qualifications and then through a Request for Proposal for the property. The real estate commission will be six percent of the sales price and paid from the proceeds of the sale. Pursuing an open market transaction using real estate brokers and selling by negotiation will achieve the highest price for the City.

This item is requesting authorization to sell the property at or above its appraised value and pay a real estate broker commission based on six percent of the final sale price.

**CITY STRATEGIC PLAN GOAL(S)/OBJECTIVE(S):**

Goal #3: Create and sustain a resilient and economically prosperous City.

Objective #1: Create dynamic neighborhoods that incorporate mobility, connectivity, and sustainability.

**FISCAL CONSIDERATIONS:**

Proceeds from the sale, net of costs related to the sale, will be deposited in the Capital Outlay Fund 400002.

**EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):**

N/A - EOCP Memo of 11/14/11.

**PREVIOUS COUNCIL ACTION and/or COMMITTEE ACTION:**

This item will be heard at the Smart Growth and Land Use meeting on February 10, 2016.

An informational item regarding Excess Property Sales was presented to the Smart Growth and Land Use Committee on June 10, 2015.

R-302653, May 29, 2007 authorized sale of Jamacha & Cardiff at a minimum price of \$725,000.

**COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: N/A**

**KEY STAKEHOLDERS AND PROJECTED IMPACTS:**

City of San Diego.

Thompson, Cybele  
Originating Department

Villa, Ron

Deputy Chief/Chief Operating Officer

RESOLUTION NUMBER R- 302653

DATE OF FINAL PASSAGE MAY 29 2007

AUTHORIZING THE MAYOR OR HIS DESIGNEE TO SELL CERTAIN EXCESS CITY PROPERTY LOCATED AT THE SOUTHEAST CORNER OF JAMACHA ROAD AND CARDIFF STREET EITHER BY NEGOTIATION, PUBLIC AUCTION, SEALED BID, OR BY ANY COMBINATION OF SUCH METHODS, AT THE MAYOR'S DISCRETION IN EACH CASE; AUTHORIZING THE MAYOR TO ENTER INTO AGREEMENTS TO CONSUMMATE SUCH SALES; AUTHORIZING THE PAYMENT OF REAL ESTATE BROKERAGE COMMISSIONS RELATED TO SUCH SALES; AND AUTHORIZING THE AUDITOR AND COMPTROLLER TO ACCEPT AND DEPOSIT THE PROCEEDS OF SUCH SALES.

WHEREAS, this action requires the affirmative vote of five (5) members of the City Council [Council]; and

WHEREAS, the City is the fee owner of that certain real property [Property] located at **the southeast corner of Jamacha Road and Cardiff Street**, described as a vacant commercial lot, and more particularly described in **Exhibit "A": "Excess Property Sales,"** attached hereto; and

WHEREAS, the Council finds that at least one of the following criteria has been met: (1) the sale of the Property will provide revenues necessary for public facilities which are not fundable through other revenue sources; (2) the Property cannot be leased because of its location, access, topography, or other considerations; (3) the sale would enhance the City's position relative to other activities, such as economic development efforts; or (4) the sale would maximize the total economic return to the City; and

WHEREAS, an appraisal of the Property prepared or obtained by the City's Real Estate Assets Department [READ] has determined the fair market value [FMV] of the Property to be Seven Hundred Twenty-Five Thousand Dollars (\$725,000); and

WHEREAS, the Council deems the FMV to be the minimum acceptable price to be obtained for the Property; and

WHEREAS, the Property will be re-appraised at least once every twelve months until sold, which READ will report to Council; and

WHEREAS, if a re-appraised FMV is greater than the minimum acceptable price set on the date of this resolution, that FMV shall become the minimum acceptable price; and

WHEREAS, if a re-appraised FMV is less than the minimum acceptable price set on the date of this resolution, prior to lowering the original minimum price, the Mayor will return to the Council for further direction; and

WHEREAS, if after attempting to sell the Property at the FMV, the Mayor or his designee determines that the Property cannot be sold at or above the FMV, the Mayor shall seek review and additional direction from the Council as to the disposition of the Property; and

WHEREAS, the Council deems it in the best interests of the City to authorize the Mayor or his designee to sell the Property through negotiation, public auction, sealed bids, or any combination of such methods, in his discretion; and

WHEREAS, the Council deems it in the best interests of the City to authorize the Mayor or his designee, in his discretion, to retain the services of a real estate broker to represent the City and facilitate the sale of the Property, and that the City should pay real estate brokerage

participation and brokerage fees incurred thereby, in an amount not to exceed six percent (6%) of the sale price; and

WHEREAS, all brokerage participation and brokerage fees shall comply with San Diego Municipal Code section 22.0905, Broker's Fee and Registration; and

WHEREAS, upon the sale of the Property at a price greater than or equal to the FMV, the Council deems it in the best interests of the City to authorize the Mayor or his designee to execute and deliver, on behalf of the City, a purchase and sale agreement, grant deed, 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; and

WHEREAS, the proceeds of the sale of the Property, net of brokerage commissions and other costs of selling the Property, will be accepted by the Auditor and Comptroller and deposited into the appropriate Fund; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that that certain real property [Property] owned in fee by the City, located at **the southeast corner of Jamacha Road and Cardiff Street**, described as a vacant commercial lot, and more particularly described in **Exhibit "A": "Excess Property Sales,"** attached hereto, is excess City property and may be sold; and

BE IT FURTHER RESOLVED, the Property may only be sold for a price equal to or greater than Seven Hundred Twenty-Five Thousand Dollars (\$725,000); and

BE IT FURTHER RESOLVED, the Mayor or his designee is directed to have the Property re-appraised at least once every twelve months until sold, and the resulting fair market value of the Property shall become the minimum acceptable price, which the Mayor or his

designee shall report to Council; provided, however, if a re-appraisal results in a fair market value below the minimum price set on the date of this Resolution, the Mayor shall seek Council approval prior to lowering the original minimum price; and

BE IT FURTHER RESOLVED, the Mayor or his designee is authorized and directed to sell the property through negotiation, public auction, sealed bids, or any combination of such methods, in his discretion; and

BE IT FURTHER RESOLVED, the Mayor or his designee is authorized, in his discretion, to retain, on terms deemed by him to be reasonable and in the best interests of the City, the services of a real estate broker to represent the City and facilitate the sale of the Property; and

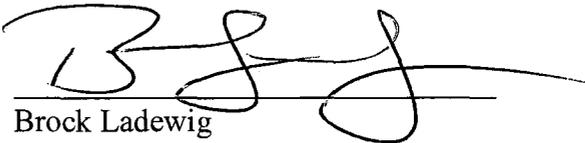
BE IT FURTHER RESOLVED, the payment of real estate brokerage commissions related to the sale of the Property in an amount not to exceed six percent (6%) of the sale price, and otherwise in compliance with San Diego Municipal Code section 22.0905, Broker's Fee and Registration, is authorized; and

BE IT FURTHER RESOLVED, the Mayor or his designee is authorized to execute and deliver, on behalf of the City, a purchase and sale agreement, grant deed, 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; and

BE IT FURTHER RESOLVED, the Auditor and Comptroller is authorized and directed to accept the proceeds of the sale of the Property, net of brokerage commissions and other costs of selling the Property, and deposit them into the appropriate Fund; and

BE IT FURTHER RESOLVED, if after attempting to sell the Property at the minimum price specified herein, the Mayor or his designee determines that the Property cannot be sold at or above the minimum acceptable price, the Mayor is directed to seek review and additional direction from the Council as to the disposition of the Property.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By   
Brock Ladewig  
Chief Deputy City Attorney

BL:bas  
5/11/07  
Or.Dept: READ  
R-2007-1121  
REV.  
MMS #4820

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of ~~MAY 21 2007~~

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 5-29-07  
(Date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(Date)

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

EXHIBIT "A"

SITE #	NAME	FILE#	ADDRESS	USE	SIZE	DIST	APN	VALUE
1	World Trade Center	S427-1	1250 6th Ave 92101.	Highrise Office	127,990 sf	2	534-055-01	\$17,700,000
2	Crabtree Bldg	S431-1	303 A St. 92101	Office Building	30,000sf	2	533-433-27	\$2,250,000
3	Nautilus House	M102-1	801 Nautilus St. 92037	SFR - Residential	4,791sf	1	351-370-15	\$850,000
4	Genoa House	P617-1	5690 Genoa Dr. 92120	SFR - Residential	13,068sf	7	462-121-02	\$625,000
5	Fay Ave Duplex	M113-1	7021 Fay Ave. 92037	Duplex - Residential	26,571sf	1	R/W	\$3,000,000
6	Beaumont House	N105-2	6216 Beaumont 92037	SFR - Residential	9,150sf	1	357-062-02	\$1,670,000
7	33rd Street House	S511-1	904 33rd St. 92102	SFR - Residential	6,969sf	4	545-062-18	\$295,000
8	Maple St. 4-Plex	R411-3	505 W. Maple St. 92134	4-plex - Residential	12,632sf	3	533-072-20	\$700,000
9	Uptown Residential	Q427-1	Otsego Dr@Brookes 92103	Vacant Residential	11,325sf	2	452-254-01	\$175,000
10	Grant Hill Parcel	S596-1	327 Langley St 92102	Vacant Residential	6,098sf	4	535-532-15	\$160,000
11	Mission Valley Commercial	P611	Fairmount/Camino Del Rio S	Vacant -Commercial	13,939 sf	7	R/W	\$460,000
12	UC Eastgate Site	K302-8	9514 Towne Ctr.Dr.	Vacant -Commercial	85,377sf	1	343-122-35	\$1,960,000
13	Morena Commercial - East	P318-1	E Side W. Morena Blvd.	Vacant-Commercial	13,939sf	6	R/W	\$1,050,000
14	Border Patrol Site	Z718-1	West of I-5 at US Border	Improv -Commercial	58,370sf	8	R/W	\$3,200,000
15	SE Cor Jamacha	S799-17	SE Cor Jamacha & Cardiff	Vacant-Commercial	24,475sf	4	R/W	\$725,000
16	Kearny Mesa Rd	St R/W	At Magnatron	Vacant-Commercial	32,324sf	6	R/W	\$300,000
17	Morena Commercial - West	P325-1	W Side W Morena Blvd	Vacant-Commercial	30,056sf	6	760-216-69	\$900,000
18	Terminix Lease Site	P313-3	4850 Pacific Hwy	Improv - Commercial	42,890sf	6	790-216-41	\$3,150,000
19	Filippi Lease Site	M509-1	5353 Kearny Villa Rd.	Improv - Commercial	30,753sf	6	369-110-01	\$2,000,000
								<b>\$41,170,000</b>