

OLD LANGUAGE: ~~STRIKEOUT~~
NEW LANGUAGE: UNDERLINE

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

SUBJECT: DISPOSITION OF CITY-OWNED REAL PROPERTY
POLICY NO.: 700-10
EFFECTIVE DATE: ~~July 18, 2004~~

BACKGROUND:

The City of San Diego is owner of substantial real property which is used for various municipal purposes. As public service needs change, the requirements for these properties may be revised and, on occasion, certain parcels may be in excess of the City's current need. This requires that the site be reviewed in terms of its potential for future public use, as well as its potential economic benefit to the City.

The proceeds from the sale of City-owned lands are utilized for Capital Improvements Program projects, as required by the City Charter, Section 77, and the revenues generated from leases are normally utilized for General Fund purposes.

PURPOSE:

It is the purpose of this policy 1) to establish a procedure by which unused and marginally used City-owned real estate is reviewed for its potential public use, and for designating unneeded parcels for lease or sale; 2) to provide guidance for the auction, negotiated sale, or exchange of City-owned real estate; and 3) to establish the conditions under which City-owned real property may be leased.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

POLICY:

It is the City's policy to manage its real estate assets so that municipal needs which rely on these assets may be properly implemented. It is not the City's policy to speculate in real estate. The City Council will review all City-owned real estate not adequately used for municipal purposes and determine the appropriate use of the property. Those properties needed for municipal purposes may be so designated. If a property is not needed for public use within the foreseeable future, it may be made available for lease or sale, or if it will be needed at a future time, it may be suitable for lease in the interim. Those properties not required for municipal use or designated for lease may be designated for sale.

The City shall optimize the sale price or lease rent from City-owned real estate based on relevant factors, including 1) an appraisal of the property which is no more than six months old at the time the transaction is presented to the City Council or one of its committees, 2) prevailing economic conditions and recent applicable trends, and 3) any special benefits to accrue from the sale or lease.

Discounts will not be negotiated unless an extraordinary need or circumstance is recognized by Council Resolution prior to negotiation, setting forth the amount of the discount and the justification for it.

Since it is generally not in the City's best interest for a property transaction to be negotiated in open session, the City Council shall either approve, disapprove, or return to the City Manager for further negotiation or study, any recommendation regarding the disposition of City property.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

PROCEDURE:

A. through B. [No change in text.]

C. Sale of Real Estate

1. Auction. City property designated for sale shall generally be offered by public auction unless the parcel meets the criteria for a negotiated transaction as hereinafter set out in 3 below. Public auction sales shall be conducted in accordance with Municipal Code Section 22.0902.1, Sales of Real Property - Requirements for Sale at Auction. City Council reserves the right to reject any and all bids. The minimum acceptable bid will usually be set by qualified staff after considering readily available information. ~~¶~~The intent of this procedure is to efficiently set a minimum bid which will insure a fair return to the City for its property, while encouraging maximum participation in the bidding process.
2. [No change in text.]
3. Negotiated Sales. Negotiated transactions shall comply with the requirements of Municipal Code Sections, as applicable, and may be approved under one of the following conditions:
 - a. ~~w~~When a parcel is landlocked.
 - b. through g. [No change in text.]

D. Leasing.

1. through 3. No change in text.]
4. Long-term Lease. A lease in excess of three (3) years requires Council approval by Resolution. However, leases for wireless communication facilities for a term of up to ten (10) years may be executed by the City Manager.
5. through 7. No change in text.]
8. Subleases. Requests for sublease approval will be considered on the merits of each individual transaction. No sublease shall be approved which would be detrimental to the City's rights under the master lease. The City Manager may authorize subleases which meet this condition and which do not require amendment of the master lease. The percentage rental rate shall be a minimum of fifty percent of the gross revenues from subleases for wireless communication facilities.
9. through 14. No change in text.]

15. Site Access Fee for Wireless Communication Facilities. A onetime site access fee shall be charged for all wireless communication facilities except within the City's Right of Way. The base fee for 2004 is Forty Thousand Dollars (\$40,000), and shall be increased on January 1 of each year corresponding to consumer price index. Renewal of existing leases or subleases for which a site access fee has not been paid shall be conditioned upon payment of one half of the site access fee.

E. Marketing.

[No change in text.]

F. through H. [No change in text.]

CROSS REFERENCE:

Council Policy 700-04
Council Policy 700-09
Council Policy 700-11
Council Policy 700-12
Council Policy 700-41
Council Policy 700-06
Council Policy 600-43
Council Policy 900-03

HISTORY:

“Assignment and/or Subletting of City Leases”
Adopted by Resolution R-169946 03/15/1962

Retitled to “Disposition of Surplus
City-Owned Real Property” and
Amended by Resolution R-208091 06/05/1973
Amended by Resolution R-212957 04/04/1975
Amended by Resolution R-217309 12/21/1976
Amended by Resolution R-218125 04/12/1977
Amended by Resolution R-219507 10/19/1977
Amended by Resolution R-220842 05/09/1978
Amended by Resolution R-224022 07/16/1979
Amended by Resolution R-250319 10/01/1979

Amended by Resolution R-251154 02/11/1980
Amended by Resolution R-251943 06/02/1980
Amended by Resolution R-252266 07/14/1980

Amended by Resolution R-252313 07/21/1980

Amended by Resolution R-252966 10/27/1980

Amended by Resolution R-255014 09/15/1981

Amended by Resolution R-258160 03/28/1983

Amended by Resolution R-258896 07/18/1983

Amended by Resolution R-_____

11/23/2004