



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Walesh

SUBJECT: SEE BELOW

DATE: August 28, 2017

Approved

D. D. Syl

Date

9/1/17

COUNCIL DISTRICT: 3

SUBJECT: SALE OF A PORTION OF THE NORTHEASTERLY CORNER OF CITY-OWNED PROPERTY ON NORTH FOURTH STREET AND EAST SANTA CLARA STREET

RECOMMENDATION

Adopt a resolution:

1. Declaring 86 square feet of vacated street on North Fourth and East Santa Clara Streets, surplus to the needs of the City;
2. Approving an agreement between the City of San Jose and SJSC Properties, LLC for the sale of the property in the amount of \$18,146; and
3. Authorizing the City Manager or his designee to execute the sale agreement, the quitclaim deed, and all other documents necessary to complete the transaction.

OUTCOME

Adoption of this resolution will allow the sale of approximately 86 square feet of a City-owned property at the northeast corner of North Fourth Street and East Santa Clara Street as described in Exhibit B "Legal Description" and as depicted in Exhibit C "Plat of Real Property" ("Property"), to SJSC Properties, LLC for an amount of \$18,146 that will be deposited to the General Fund.

BACKGROUND

On June 16, 1977 a Corporation Grant Deed was recorded in Book C921 at page 578, of Official Records in the Office of the County Recorder, County of Santa Clara as document number

5688124. This deed granted fee title ownership of the Property from California Federal Savings and Loan Association at no cost to the City of San Jose.

On March 15, 2017, the City approved a Special Use Permit (SP17-009) for the development of two 28-story mixed use residential towers on a 1.4-acre site at the northeast corner of North Fourth Street and East Santa Clara Street ("Project") as shown in the location map attached as Exhibit A. Specifically, the Project will construct 298 residential units in the west tower, 312 residential units in the east tower, and allow six commercial condominiums which include approximately 14,381 square feet of ground floor commercial uses and up to 24,693 square feet of flex/office space. Included within the Project scope are public improvements to construct a 12-foot wide sidewalk on North Fourth Street, a 20-foot sidewalk on East Santa Clara Street, and a 37-foot wide sidewalk on North Fifth Street. In addition to these improvements are traffic signal modifications at the intersections of North Fourth Street and East Santa Clara Street, and North Fifth Street and East Santa Clara Street. These street sections conform to the City's General Plan and Downtown Master Plan for North Fourth Street, North Fifth Street and East Santa Clara Street. As a result of these improvements, there will be a remainder of 86 square foot of right-of-way behind the public sidewalk that will be excess right-of-way, and is the subject of this proposed surplus sale.

On May 23, 2017, the City Council approved a summary vacation of 86 square foot right-of-way behind the public sidewalk at the corner of North Fourth Street and East Santa Clara Street making the Property available for surplus sale.

ANALYSIS

Municipal Code Chapter 4.20 permits the sale of City-owned surplus property upon Council finding and determining that the property is not needed for, nor adaptable to, municipal purposes. Further, while such sales are generally required to be undertaken on a competitive basis, Municipal Code Section 4.20.070 authorizes the sale of surplus property through direct negotiation at fair market value, and upon such other terms and conditions as Council may direct, to the owner of property adjacent to such surplus property. The Property has been determined to not be independently developable. Staff reviewed market activity in the area prior to offering the Property for sale including recent sales and properties that are currently for sale and has determined that the proposed sale price represents fair market value for the Property, particularly in light of its configuration, location, and restrictions on development.

Staff has determined that there are no other municipal purposes now or in the foreseeable future for which the Property could be used and therefore there is no reason for the City to own and maintain the Property. Staff has negotiated directly with the adjacent property owner, SJSC Properties, LLC and both parties have mutually agreed upon a purchase price of \$18,146, which reflects \$211 per square foot. The subject area is intended to be included within the approved mixed use development Project.

EVALUATION AND FOLLOW-UP

The transfer of the Property is anticipated to be completed within 30 days of approval by City Council.

POLICY ALTERNATIVES

Alternative #1: Reject the sale of the property and continue City ownership.

Pros: By retaining the property, the City retains the ability to use the property for future municipal purposes if the need arises.

Cons: By rejecting the sale, the City will continue to incur costs for maintenance of the property and the ongoing liability for repairs and safety.

Reason for not recommending: Continuing ownership of the property will result in continued maintenance expenses and potential liability. No future municipal uses have been identified.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the September 19, 2017 Council agenda.

COORDINATION

This memorandum has been coordinated with the Public Works Department, the City Attorney's Office, and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

FISCAL/POLICY ALIGNMENT

The 2017-2018 Adopted Budget includes a \$800,000 General Fund revenue estimate for the sale of surplus property. The net proceeds of \$18,146 from the property sale will help meet the funding goals.

HONORABLE MAYOR AND CITY COUNCIL

August 25, 2017

Subject: Sale of a Portion of City-Owned Property on 4th and Santa Clara Streets

Page 4

CEQA

Addendum to the Downtown Strategy 2000 EIR (Resolution No.72767), the Envision San Jose 2040 General Plan (Resolution No. 76041) and the Envision San Jose 2040 General Plan Supplemental EIR (Resolution No. 77617).

/s/

KIM WALESH

Deputy City Manager

Director of Economic Development

For questions please contact Nanci Klein, Assistant Director, at (408) 535-8184.

Attachments

EXHIBIT A

LOCATION MAP



EXHIBIT B

LEGAL DESCRIPTION OF REAL PROPERTY

Real property in the City of San Jose, County of Santa Clara, State of California, described as follows:

Being a portion of Lot 7 of Block 2 Range 5 North, as shown on that certain map entitled "City of San Jose, Copied from the Original Map drawn by Sherman Day, Civil Engineer", filed for record in the Office of the Recorder of County of Santa Clara, in Book "A" of Maps at Pages 72 and 73, described as follows:

Being also the lands described in that certain Corporation Grant Deed, conveyed to the City of San Jose, a municipal corporation, recorded on June 16, 1977 in Book C921 at Page 578, Official Records of Santa Clara County, more particularly described as follows:

BEGINNING at the intersection of the northwesterly line of East Santa Clara Street, being 100 feet in width, with the northeasterly line of North Fourth Street, being 80 feet in width, as said streets are shown on said map of City of San Jose ("A" Maps 72-73);

Thence along said northwesterly line of East Santa Clara Street, North 60°06'58" East, 20.00 feet (the bearing North 60°06'58" East was taken as the basis of bearings for this description) to the most easterly corner of said lands of City of San Jose (C921 O.R. 578), said corner being also the beginning of a non-tangent curve, concave to the north, having a Radius of 20.00 feet, with a radial line that bears South 29°53'02" East;

Thence northwesterly along the northerly line of said lands of City of San Jose (C921 O.R. 578) and said curve, through a central Angle of 89°59'06", for an arc length of 31.41 feet to said northeasterly line of North Fourth Street;

Thence along said northeasterly line of North Fourth Street, South 29°53'56" East, 20.00 feet to the point of **BEGINNING**.

Containing an area of 86 square feet, more or less.

As shown on plat attached hereto and by this reference made part hereof as Exhibit B.

For BKF Engineers



Davis Thresh
P.L.S. No. 6868

1.31.2017

Dated



EXHIBIT C

PLAT OF REAL PROPERTY

