

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Walesh

**SUBJECT: SALE OF CITY-OWNED
PROPERTY AT 2525 ABORN ROAD**

DATE: May 28, 2014

Approved



Date

6/6/14

COUNCIL DISTRICT: 8

RECOMMENDATION

Adop a resolution:

- a. Declaring approximately 20,245 square feet of City-owned property at 2525 Aborn Road, Assessor's Parcel Number (APN) 673-18-065, surplus to the needs of the City;
- b. Approving an agreement between the City and Rajdeep Singh and Satvir Sohal as husband and wife for sale of property in the amount of \$710,777;
- c. Authorizing the City Manager or his designee to execute the sale agreement, the deed and all other documents necessary to complete the transaction;
- d. Ratifying any disclosures or certifications made by the City Manager or his designee regarding the property as required by law; and
- e. Authorizing the payment of \$7,108.00 of the purchase price to the buyers' broker, Jagdeep Saggi of Reliable Real Estate Services, through the sale escrow at closing.

OUTCOME

Adoption of this resolution will allow for the sale of approximately 20,245 square feet (0.46 acres) of City-owned property located at 2525 Aborn Road (APN: 673-18-065), to Rajdeep Singh and Satvir Sohal for an amount of \$710,777. The net proceeds of the sale will be deposited to the Fire Department's Construction Tax and Property Conveyance (C&C) Tax Fund and used to supplement the purchase of fixtures, furnishings and equipment (FF&E) needs on newly constructed fire stations in accordance with prior City Council direction.

BACKGROUND

The proposed sale parcel contains a former fire station structure with residential facilities and two fire truck bays on approximately 20,245 square foot lot located at 2525 Aborn Road. The City purchased the property from two separate property owners in 1967 and 1971 using

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Protection Bond Funds and creating what is currently identified as APN 673-18-065. The property was previously operated as Fire Station No. 24, which was vacated with the opening of the new Fire Station located at Silver Creek and Yerba Buena Road in September 2013. The building remains vacant at this time.

In preparation for Council's consideration to declare the subject property as surplus to the needs of the City, Real Estate staff has reviewed a preliminary title report confirming City's ownership of the property, and developed a preliminary estimate of value. Further, Real Estate staff has also communicated with applicable City departments, including Planning, Building, and Code Enforcement, Housing, and Parks, Recreation, and Neighborhood Services, to determine whether there is any current or intended future municipal use of the property. Apart from public right of way easements, to be reserved as a part of the sale transaction, with respect to portions of the sale property presently lying within Aborn Road and Pumperston Court, no such current or intended future municipal use of the property has been identified. Therefore, staff is recommending that City Council determine that the proposed sale property is not needed for or adaptable to City use.

On September 26, 2013, in accordance with California Government Code Section 54222(d), staff prepared and distributed the notification to local agencies of the availability of the 2525 Aborn Road property for the development of housing for persons and families of low or moderate income; park, recreation open space; public school and/or enterprise zone purposes. Staff has not received any responses to the 54222 notification letters.

ANALYSIS

In September 2013, the City of San Jose activated the new Fire Station 24 located at Silver Creek and Yerba Buena. Fire Department staff relocated to the new fire station and the Aborn Road site is now vacant. All City property has been removed from the site and the buildings are vacant.

On November 5, 2013, staff presented the property for discussion of disposition to the Community and Economic Development CSA. City departments were offered an opportunity to present possible future municipal purposes for retaining the property. The City's Parks, Recreation and Neighborhood Services and Housing Departments had previously been provided notice as part of the 54222 notification.

Staff initiated a bid and negotiation process to sell the property. The property has been posted "For Sale" receiving numerous inquiries as to price and use. The property was also posted in the Mercury News for two consecutive weekends, posted on Loopnet and Co-Star and are listed on the City's OED web page. During the marketing efforts for the property, the City received bids beginning at \$300,000 with the final sealed bid of \$710,777 minus 1% commission to the real estate broker representing the buyer.

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 determined that the proposed sale price represents the fair market value for the property.

The City-owned property is being sold "as-is" reserving easements for right of way over Aborn Road and Pumpherston Court. The buyer has been provided with all applicable disclosures including the Fuel Leak Site Case Closure letter, summary and report dated April 3, 1997 from the Santa Clara Valley Water District. The fuel leak was related to prior tank storage on site that has been remediated to the satisfaction of the District. The proposed agreement allows the buyer 25 days after execution by City to conduct certain inspections of the property as part of their Feasibility Period; if the buyer is not satisfied with the results of its inspections, the buyer may terminate the agreement and receive its deposit back.

EVALUATION AND FOLLOW-UP

The transfer of the subject property is anticipated to be completed within 60 days of approval by 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 develop the property for future municipal purposes if the needs 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

- ☐ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

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This action does not meet any of the above listed criteria; however it will be posted on the City's website for the June 17, 2014, Council agenda.

COORDINATION

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

FISCAL/POLICY ALIGNMENT

This sale is in alignment with the Mayor's March 2009 Budget Message in the Section Investment Strategies, Item 1h which stated: "The city is currently undergoing a rigorous asset management review to include the sale of nonessential and underperforming city-owned properties, restructuring of existing leases with for-profit and non-profit operators of city facilities, and leasing of city infrastructure to private or other governmental operators."

COST SUMMARY/IMPLICATIONS

As previously approved by the City Council, the net proceeds from the sales of this property (\$703,669.23 net) will be deposited into the Fire Department's Construction and Conveyance (C&C) Tax Fund for fixtures, furnishings and equipment (FF&E) needs for newly constructed fire stations.

CEQA

Exempt, File No. PP 14-001

/s/

KIM WALES

Director of Economic Development and
Chief Strategist

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

Exhibit A
Legal Description

DESCRIPTION OF PROPERTY

All that certain real property situated in the City of San Jose, County of Santa Clara, State of California, being all of the property described in the Grant Deed recorded on August 4, 1967 as Document No. 3263873 and all that property described in the Grant Deed recorded on September 10, 1971 as Document No. 4089245, Official Records of Santa Clara County, more particularly described as follows:

Beginning at the most easterly corner of Lot 8 as shown on the map of Tract No. 4983, recorded on May 27, 1971 in Book 284 of Maps, at Pages 11-12, Records of Santa Clara County, said point being on the westerly boundary line as shown on the map of Tract No. 8227, recorded on June 22, 1989 in Book 601 of Maps, at Pages 43-44 Records of Santa Clara County, said point also being the most easterly corner of said Document 4089245; thence along the said westerly boundary line of Tract No. 8227 and its southerly prolongation, S 11°47'35" E 215.35 feet to a point that is 20.00 feet distant, measured at a right angle from the monument line of Aborn Road as said monument line is shown on said Tract No. 8227, said point also being the most easterly corner of said Document No. 3263873; thence parallel with said monument line, S 78°48'05" W 100.00 feet to the most southerly corner of said Document No. 3263873, said point also being on the southerly prolongation of the easterly line of Parcel 3 as shown on the Parcel Map recorded on March 23, 1990 in Book 612 of Maps at Page 5, Records of Santa Clara County; thence along said easterly line of Parcel 3 and its prolongation, N 11°47'35" W 182.00 feet to the most westerly corner of said Document No. 3263873; thence along the northerly line of said Document No. 3263873, N 78°48'05" E 19.39 feet to the most southerly corner of said Document No. 4089245, said point being the beginning of a non-tangent curve to the left, concave westerly, having a radius of 42.00 feet, a radial line to said curve bears S 87°25'25" E; thence along said curve through a central angle of 24°41'35", for an arc length of 18.10 feet to the most southerly corner of said Lot 8; thence along the southerly line of said Lot 8 N 67°53'00" E 81.29 feet to the Point of Beginning.

Exhibit A (cont)
Legal Description

PUBLIC RIGHT OF WAY EASEMENT 1

Reserving therefrom an easement for the installation and maintenance of public right of way, including but not limited to the facilities, appurtenances and improvements related thereto, such as: pavement, storm drainage and sanitary sewer systems, street lights and traffic signals systems and electrical appurtenances, street trees, curb, gutter, sidewalk, and public utilities such as potable and non-potable water, electrical power, gas, telephone, and cable television, and all appurtenances thereto and for any and all public uses, on, under, over, and through the real property situated in the City of San Jose, County of Santa Clara, State of California, being more particularly described as follows:

Beginning at the most southerly corner of Lot 6 as shown on said Tract No. 8227, said point also being on the northerly line of Aborn Road as shown on said Tract No. 8227; thence along the southerly prolongation of the westerly line of said Lot 6, S 11°47'35" E 45.00 feet to a point that is 20.00 feet distant, measured at a right angle from said monument line of Aborn Road, said point also being the most easterly corner of said Document No. 3263873; thence parallel with said monument line, S 78°48'05" W 100.00 feet to the most southerly corner of said Document No. 3263873, said point also being on the southerly prolongation of the easterly line of Parcel 3 as shown on the Parcel Map recorded on March 23, 1990 in Book 612 of Maps at Page 5, Records of Santa Clara County; thence along said easterly line of Parcel 3 and its prolongation, N 11°47'35" W 45.00 feet to the southeasterly corner of said Parcel 3, said point also being on said northerly line of Aborn Road; thence parallel with said monument line, N 78°48'05" E 100.00 feet to the Point of Beginning.

PUBLIC RIGHT OF WAY EASEMENT 2

Beginning at the southwesterly corner of said Document No. 4089245, said point being at the southeasterly corner of the Pumpherston Court right-of-way as shown on said Tract No. 4983, said point also being the beginning of a non-tangent curve to the right, concave

Exhibit A (cont)
Legal Description

westerly, having a radius of 42.00 feet, a radial line to said curve bears S 87°25'25" E; thence along said curve through a central angle of 45°09'41", for an arc length of 33.10 feet to the northeast corner of said Parcel 3; thence along the northerly prolongation of said easterly line of Parcel 3, N 11°47'35" W 25.98 feet to the northwesterly corner of said Document No. 3263873; thence along the northerly line of said Document No. 3263873, N 78°48'05" E 19.39 feet to the Point of Beginning.

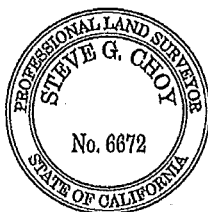
The described property contains approximately 20,245 square feet (0.465 acres), including approximately 4,822 square feet (0.111 acres) of Public Right-of-Way Easement.

This description was prepared from record information.

The Basis of Bearings for this description is the bearing of the centerline of Pumpherson Court, N 78°48'05" E as shown on the map of Tract No. 4983, recorded on May 27, 1971 in Book 284 of Maps, at Pages 11-12, Records of Santa Clara County.

Attached hereto and by reference a part hereof is a plat labeled "PLAT TO ACCOMPANY DESCRIPTION OF REAL PROPERTY" depicting the subject property.

The above description of real property was prepared by me in conformance with the requirements of Section 8726 (g,k, l, m) of the Business and Professions Code of the State of California.



A handwritten signature in black ink, appearing to be "Steve G. Choy", written over a horizontal line.

Steve G. Choy, PLS 6672

Exhibit A (cont)
Plat Map

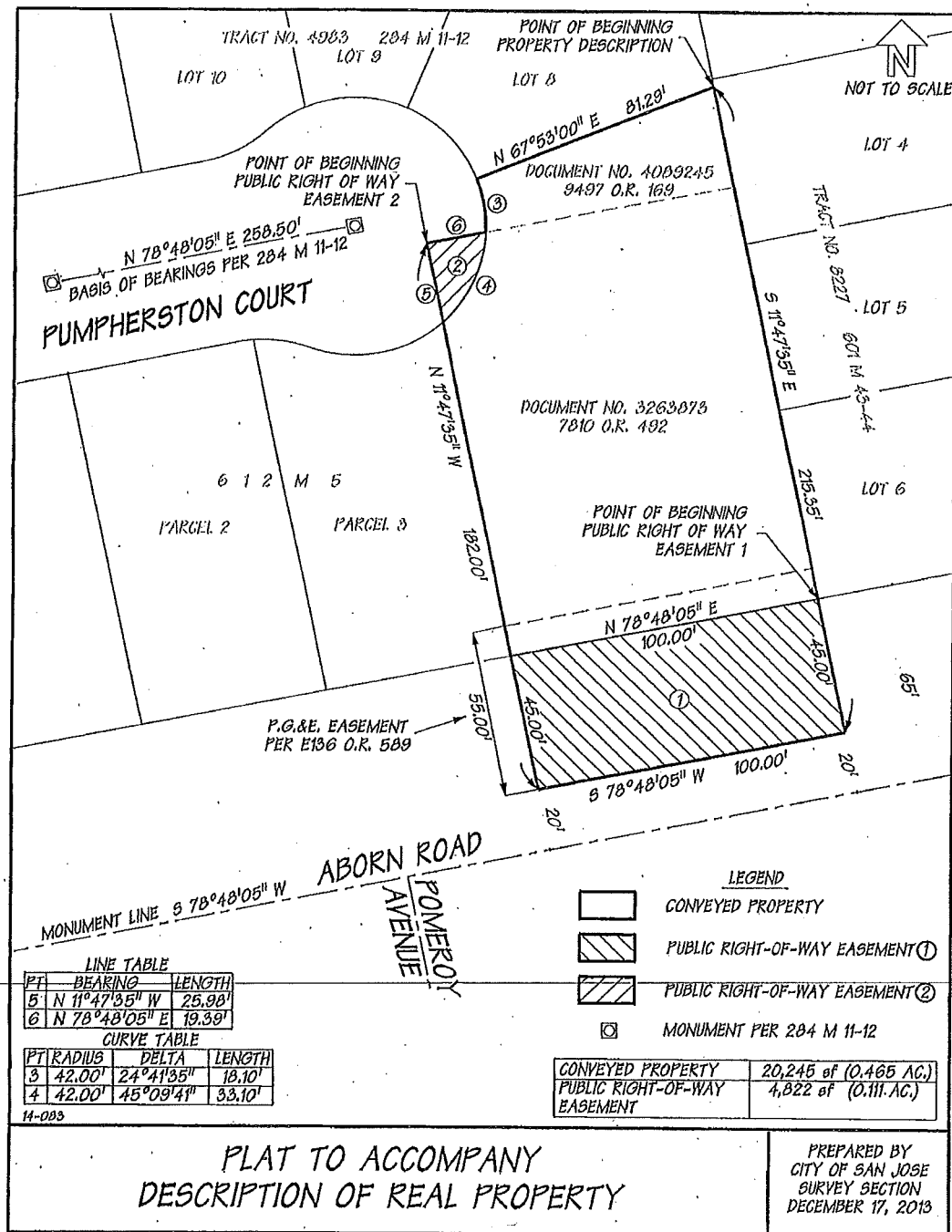


Exhibit B
Aerial of Proposed Area to be Sold

