



OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA

AGENDA DATE: September 18, 2015

TO: Oversight Board Members

FROM: Successor Agency Staff

SUBJECT: Proposed Auction Process and Related Items

RECOMMENDATION:

That the Oversight Board Approve the Proposed Auction Process, a Request For Proposals for Real Estate Services and Recommend that the City of Santa Barbara Execute a Purchase Order in the Amount of \$7,500 with Hammock, Arnold, and Smith, Certified Appraisers, for Appraisal Services regarding 125 Calle Cesar Chavez and place the Appraisal Cost on Recognized Obligation Payment Schedule 15-16B as a New Enforceable Obligation.

BACKGROUND:

On May 15, 2015 the California State Department of Finance approved the Successor Agency's use or disposition of all properties listed in the Long Range Property Management Plans submitted on September 20, 2013. The properties that are to be transferred to the City include those listed in the Bath Street, Railroad Depot and Paseo Nuevo Long Range Property Management Plans (LRPMP). The one property that is to be sold is the Calle Cesar Chavez property. The specific parcels and basic information about the parcels can be found in the table below.

APN	Address	Lot Size (sq. ft.)	Zoning	General Plan Designation
017-113-029	125 S. Calle Cesar Chavez	22,535	M-1/SD-3*	Industrial
017-113-030	145 S. Calle Cesar Chavez	29,378	M-1/SD-3	Industrial
017-113-034	110 S. Quarantina Street	29,555	M-1/SD-3	Industrial
017-113-035	114 S. Quarantina Street	23,327	M-1/SD-3	Industrial

*= Light Manufacturing / Coastal Overlay Zone

For detailed information, please review the Long Range Property Management Plan for the properties at: <http://www.santabarbaraca.gov/gov/brdcomm/nz/oversight/agendas.asp>

Auction Process: As part of the approved Long Range Property Management Plan for the Calle Cesar Chavez properties, the State of California's Department of Finance approved an auction process for the sale of the properties listed above. Although there are no formal guidelines for the auction process, the Department of Finance recommends that successor agencies seek oversight board approval of an auction services agreement (proposed to be a Professional Services Agreement) and the minimum reserve sale price of the property. The primary goal being that the auction be conducted in a manner that is transparent and seeks to maximize value. The proposed auction process is as follows (major tasks are discussed in more detail below):

- Release a Request for Proposal process for real estate auction services.
- Conduct a formal appraisal of the property by hiring a licensed appraiser.
- Enter into an Auction Services Agreement (Professional Services Agreement) with the selected real estate professional. Professional Services agreement will need to be approved by the Oversight Board and Successor Agency.
- Oversight Board to approve minimum reserve sales price for properties.
- Work with the selected real estate professional to market the property to the widest possible audience.
- Escrow will open and lead to the conclusion of the sales transaction with funds distributed to the local taxing entities.

Request for Proposals: Successor Agency staff is recommending the release of a Request for Proposal (RFP) process to obtain the services of a real estate professional to assist with the disposition process. The primary functions of the real estate professional would be four-fold: 1 - use their experience and expertise to extensively market the land through multiple channels including the multiple listing service and online resources to reach the widest audience possible; 2 – handle general inquires about the property including possible “Open House” activities; 3 – assist Successor Agency staff in determining the minimum reserve sale price based on the professional appraisal and current market conditions and demands; and 4 - conduct the auction.

The proposals that are received will be evaluated on a number of criteria including, but not limited to, experience, project timeline, proposed cost, and the project work plan. Successor Agency staff will review all proposals, select the best overall proposal and bring back the recommendation to the Oversight Board for consideration and forward to the Successor Agency for final approval. The selected real estate professional would then enter into a Professional Services Agreement that would include detailed project requirements and responsibilities of the real estate professional, provide a work program and timeline for completion, as well as compensation for the services. Compensation for these services is paid from property sales proceeds.

Appraisal Services: Successor Agency staff is requesting that the Oversight Board recommend that the City Council execute a Purchase Order with Hammock, Arnold, and Smith Certified Appraisers (Hammock) in the amount of \$7,500. Hammock is familiar with

the property and well-versed in the local real estate market. These costs, along with ancillary costs related to the sale of the property including title reports will appear on the ROPS 15-16B. Initially, the City of Santa Barbara will pay for the appraisal and ancillary costs and will be reimbursed through ROPS 15-16B.

As stated earlier in the report, Successor Agency staff will select the best overall real estate services proposal and bring back the recommendation to the Oversight Board for consideration at a future meeting and forward the recommendation to the Successor Agency for final approval. At that future meeting staff would also like to request that the Oversight Board approve a minimum reserve sale price from which the marketing of the property would begin. In conclusion, it is staff's intention to move the sale of the Calle Cesar Chavez properties forward in an expeditious manner while at the same time maximizing process transparency and sales value.

PREPARED AND SUBMITTED BY: Brian J. Bosse, Waterfront Business Manager