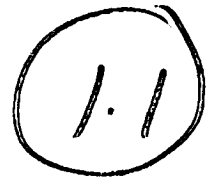




APPROVED
BY THE CITY COUNCIL

OCT 6 1998

OFFICE OF THE
CITY CLERK



AG 98-165

DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

915 I STREET
ROOM 200
SACRAMENTO, CA
95814-2700
PH 916-264-5710
FAX 916-264-8250

TECHNICAL SERVICES
REAL ESTATE SERVICES

September 29, 1998

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: SALE OF REAL PROPERTY LOCATED AT AUBURN BOULEVARD AND
WATT AVENUE DESCRIBED AS APN:240-0341-002 TO AUBURN-WATT
STORAGE PARTNERS**

LOCATION/COUNCIL DISTRICT: North side of Auburn Boulevard, between Watt Avenue
and Interstate 80 on ramp in Council District 2.

RECOMMENDATION:

This report recommends that City Council:

- ❖ By resolution, find that it is in the best interest of the City to sell the subject real property without competitive bidding, in accordance with Section 12.07.170 of the Sacramento City Code;
- ❖ and authorize the City Manager to execute an Agreement for Sale of Real Property with Auburn-Watt Storage Partners for APN:240-0341-002;
- ❖ and amend FY 1998/99 Capital Improvement Program to increase Robla Community Park Development project (PN:LN61);
- ❖ and approve recovery of staff costs relative to the sale of the property from the sale proceeds.

CONTACT PERSONS: Vic Edmisten, Parks and Recreation Manager, 264-5336
Rhonda R. Lake, Real Property Agent, 264-7902

FOR THE COUNCIL MEETING OF: October 6, 1998

City Council
Sale of Real Property to Auburn-Watt Storage Partners
September 29, 1998

SUMMARY:

This staff report recommends approval of an agreement for sale of real property with Auburn-Watt Storage Partners (AWSP), for a 4.91-acre parcel described as APN:240-0341-002, and shown on Exhibit "A" attached. The property was severed from Del Paso Regional Park when Interstate 80 was constructed. Currently, it is improved with a public mini-storage warehouse complex with manager's residential unit, parking area and landscaping. The improved site is ground leased to Auburn-Watt Storage Partners for \$78,848 annually, which revenue currently offsets City park maintenance costs in the North area. All on-site improvements have been paid for by AWSP. The sale price of the fee simple interest in the property is One Million Dollars (\$1,000,000) based on valuations by staff and an independent fee appraiser retained by Auburn-Watt Storage Partners.

BACKGROUND INFORMATION:

In June 1979, the City and Public Storage, Inc. (PSI) executed a ground lease for 4.91 acres of land at Watt Avenue and Auburn Boulevard. The lease, City Agreement #78-300, is for a term of forty (40) years. The lease was amended by City Agreement #86-029 whereby PSI assigned its interest in the lease to Auburn-Watt Associates, Ltd. pursuant to an Assignment of Lease recorded in 1980. Subsequently, Auburn-Watt Associates, Ltd. changed its name to Auburn-Watt Storage Partners (AWSP). AWSP currently operates a mini-storage warehouse complex on the leased property. The mini-storage facility, manager's residential unit, landscaping and paved surfaces cover nearly the entire parcel. The parcel is located such that direct access to the site is limited and considered average in terms of its desirability in the open market.

It is the desire of AWSP to purchase the property to safeguard their financial investment and continue operation of the mini-storage facility. The lease expires in 2019 and provides Auburn-Watt Storage Partners a right of first refusal in the event the City shall, at any time during the term, elect to sell the property.

It is in the best interest of the City to sell the property to Auburn-Watt Storage Partners without competitive bidding for several reasons. First, the property is encumbered by a ground lease with AWSP until 2019. Second, the lease grants AWSP a right of first refusal should the City elect to sell the property. If the City calls for and receives bids on the property, those bids, if not exorbitant, would likely be matched by AWSP under the Right of First Refusal provided for in the lease. Third, since AWSP has agreed to a sale price consistent with the fair market value of the property. Accordingly, it is recommended that competitive bidding be waived and a sale agreement with Auburn-Watt Storage Partners be approved.

Partners be approved.
City Council
Sale of Real Property to Auburn-Watt Storage Partners
September 29, 1998

FINANCIAL CONSIDERATIONS:

The General Fund revenue budget will be increased by the net sale proceeds.

Auburn-Watt Storage Partners has agreed to a purchase price of \$1,000,000 which represents approximately four dollars and sixty eight cents (\$4.68) per square foot.

Escrow fees and closing costs will be split between the City and AWSP. This report recommends that staff costs related to the sale of the property be recovered from the sale proceeds.

Staff recommends that net proceeds from the sale of this property be appropriated to the Robla Community Park Development project (PN:LN61). The proceeds will be used to fund the development and construction of the park site and related infrastructure improvements.

In addition, the City currently receives annual revenue from the ground lease of the property in the amount of \$78,848 which is applied toward the cost of park maintenance. In anticipation of the sale, the associated revenue budget was amended during the FY 1999 budget hearings to reflect the loss of revenue. Staff recommends no associated reduction be made to the Parks Division expenditure budget.

ENVIRONMENTAL CONSIDERATIONS:

The Office of Environmental Affairs of the Neighborhoods, Planning and Development Services Department has reviewed the proposed land sale and has determined that this project is exempt from CEQA review pursuant to CEQA Guidelines, Section 15312 entitled "Surplus Government Property Sales".

POLICY CONSIDERATIONS:

Depositing the sale proceeds into the General Fund is consistent with Council policy of proceeds returning to the fund of asset origin.

In accordance with Section 56.04.405 of Title 56 of the Sacramento City Code, the Planning Director has determined that the proposed conveyance of real property is consistent with the General Plan.

City Council
Sale of Real Property to Auburn-Watt Storage Partners
September 14, 1998

MBE/WBE:

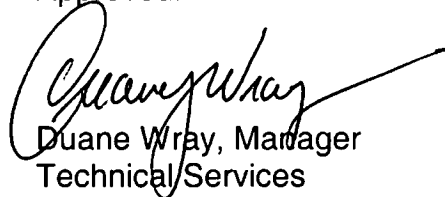
None. No goods or services are being purchased.

Respectfully submitted,



Gary Alm, Manager
Development Services


Approved:



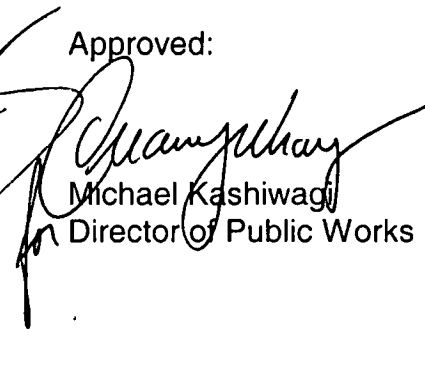
Duane Wray, Manager
Technical Services

RECOMMENDATION APPROVED:

Approved:



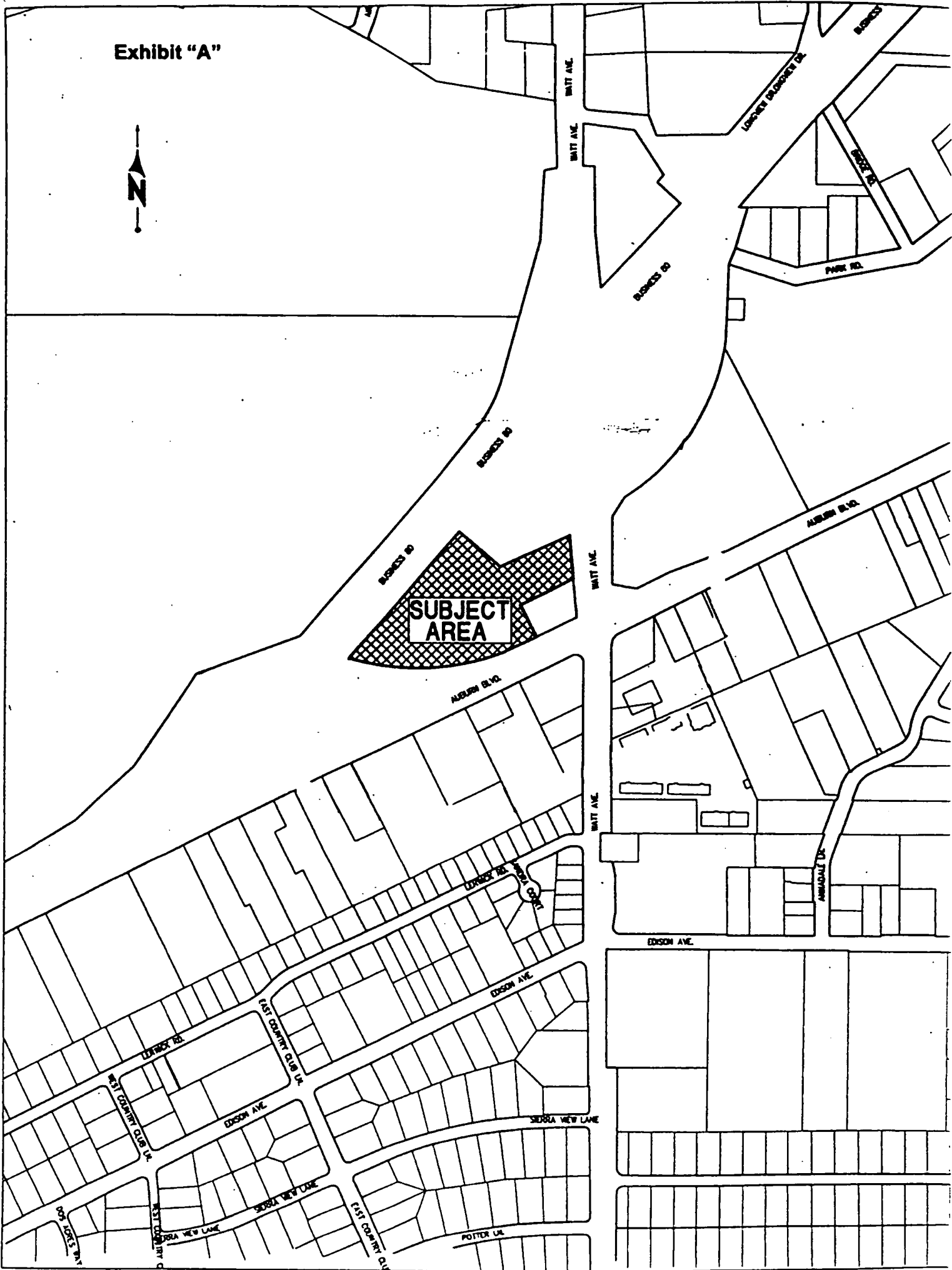
WILLIAM H. EDGAR
City Manager



Michael Kashiwagi
Director of Public Works

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Exhibit "A"



APPROVED
BY THE CITY COUNCIL

OCT 6 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-497

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE SALE OF REAL PROPERTY WITHOUT
COMPETITIVE BIDDING TO AUBURN-WATT STORAGE PARTNERS
FOR REAL PROPERTY LOCATED AT WATT AVENUE AND AUBURN
BOULEVARD DESCRIBED AS APN: 240-0341-002, PURSUANT TO TITLE 12,
CHAPTER 7 OF THE SACRAMENTO CITY CODE

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That it is in the best interest of the City to use the procedures set forth in City Code Section 12.07.170(A)(2) in lieu of the competitive bidding process as (i) the lease does not expire until 2019, (ii) the lease provides a right of first refusal to Auburn-Watt Storage Partners; and (iii) the sale price is consistent with the fair market value of the property.
2. That the City Manager is hereby authorized and directed to execute an Agreement for Sale of Real Property with Auburn-Watt Storage Partners, a California Limited Partnership, for the fee simple interest of APN: 240-0341-002, more specifically described in Exhibits "A" and "B" of the Agreement which is on file with the City Clerk.
3. That the City Manager is further authorized to execute such additional documents and to take such additional actions as necessary to implement the Agreement for Sale of Real Property.
4. That staff costs related to the sale of the property shall be recovered from the sale proceeds.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

6

EXHIBIT "A"

All that portion of Section 31 of Rancho Del Paso, as said Section is shown on the Map of Survey and Subdivision of Rancho Del Paso, recorded in the office of the County Recorder of the County of Sacramento on March 4, 1911, in Book A of Surveys, Map No. 94, described as follows:

Beginning at a point in the Northwesterly line of that certain State Highway right of way acquired by deed dated November 4, 1938, recorded November 17, 1938, in Book 712, Official Records of said County, at Page 435, from which point the Northeast corner of said Section 31 bears North $18^{\circ}22'49''$ East 1019.88 feet; thence from said point of beginning, curving to the right on an arc of a 750 foot radius, said arc being subtended by a chord bearing South $89^{\circ}25'39''$ West 541.45 feet; thence North $40^{\circ}32'00''$ East 585.00 feet; thence South $49^{\circ}26'00''$ East 190.00 feet; thence North $65^{\circ}00'03''$ East 268.57 feet to the Westerly line of Watt Avenue; thence Southerly along said Westerly line South $06^{\circ}19'00''$ East 270.00 feet to the intersection of the Northerly line of Auburn Boulevard; thence along the Northerly line of Auburn Boulevard the following two (2) courses and distances: (1) South $49^{\circ}46'20''$ West 127.15 feet and (2) South $63^{\circ}40'54''$ West 177.62 feet, more or less, to the point of beginning.

EXCEPTING THEREFROM:

All that portion of Section 31 as said Section is shown on the "Map of Survey and Subdivision of Rancho Del Paso", recorded in the office of the Recorder of Sacramento County on March 4, 1911, in Book A of Surveys, Map No. 94, described as follows:

Beginning at a point on the Northwest line of Auburn Boulevard, said point also being on the Northwest right of way line of that certain State Highway Right of Way acquired by the State of California by Deed recorded in said Recorder's Office on November 17, 1938, in Book 712 of Official Records, Page 435, said point being located South $63^{\circ}41'00''$ West 349.17 feet from the most Southerly corner of that certain 6.221-acre tract of land shown on the record of survey entitled "Portion of Sections 39 & 40 Rancho Del Paso" recorded in said Recorder's Office on February 17, 1964, in Book 21 of Surveys at Page 25; thence from said point of beginning along the Northwest line of said Auburn Boulevard South $63^{\circ}41'00''$ West 50.00 feet; thence leaving said Northwest line of Auburn Boulevard, North $26^{\circ}19'00''$ West 140.00 feet; thence North $63^{\circ}41'00''$ East 213.25 feet to the West line of Watt Avenue; thence along said West line of Watt Avenue, South $06^{\circ}19'00''$ East 116.45 feet to the Northwest line of said Auburn Boulevard; thence along said Northwest line, South $49^{\circ}46'20''$ West 127.15 feet to the point of beginning.

Assessor's Parcel No: 240-0341-002

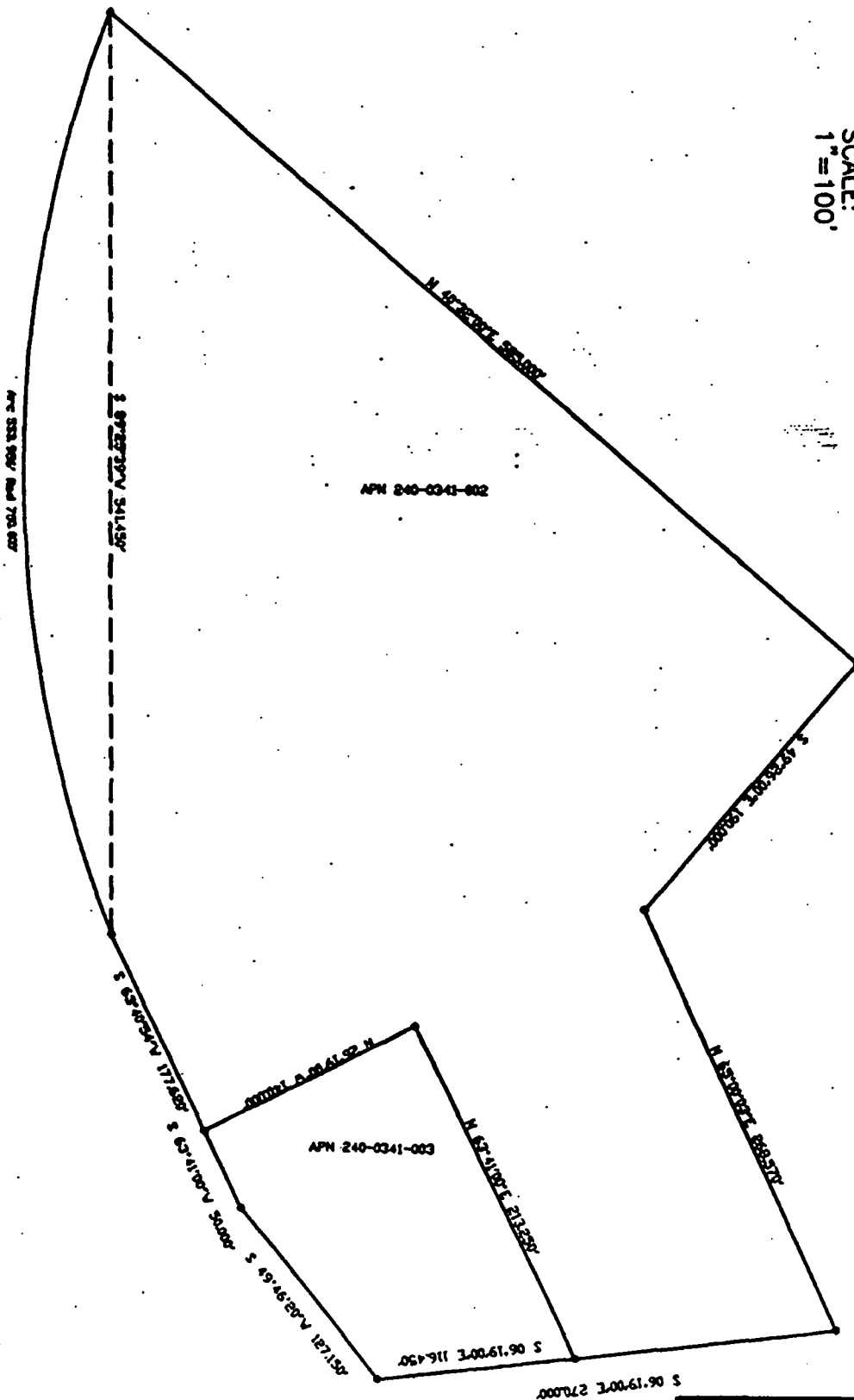


Exhibit "B"
 PROPERTY OF CITY OF SACRAMENTO
 A.P.N. 240-0341-002

NOV 1997

CITY OF SACRAMENTO
 DEPT. OF PUBLIC WORKS
 TECHNICAL SERVICES DIVISION
 SURVEY SECTION
 927 10th STREET
 SACRAMENTO, CA 95814

APPROVED
BY THE CITY COUNCIL

OCT 6 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-498
ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION AMENDING THE PARKS AND RECREATION CAPITAL
IMPROVEMENT PROGRAM BUDGET FOR FISCAL YEAR 1998/99**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

That the 1998/99 Capital Improvement Program is hereby amended to appropriate the net proceeds from the sale of property described as APN: 240-0341-002 into the Robla Community Park Development project (PN:LN61) for the development and construction of the park site and related infrastructure improvements. The net proceeds shall be deposited and appropriated into the following accounts in proportion to the below gross proceeds.

Robla Community Park Development

Revenue:	101-500-LN61-3701	\$1,000,000
Expenditure	101-500-LN61-4820	\$1,000,000

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____



1.10

DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

915 I STREET
ROOM 200
SACRAMENTO, CA
95814-2700
PH 916-264-5710
FAX 916-264-8250

TECHNICAL SERVICES
REAL ESTATE SERVICES

September 14, 1998

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: SALE OF REAL PROPERTY LOCATED AT AUBURN BOULEVARD AND
WATT AVENUE DESCRIBED AS APN:240-0341-002 TO AUBURN-WATT
STORAGE PARTNERS**

LOCATION/COUNCIL DISTRICT: North side of Auburn Boulevard, between Watt Avenue
and Interstate 80 on ramp in Council District 2.

RECOMMENDATION:

This report recommends that City Council:

- ❖ By resolution, find that it is in the best interest of the City to sell the subject real property without competitive bidding, in accordance with Section 12.07.170 of the Sacramento City Code;
- ❖ and authorize the City Manager to execute an Agreement for Sale of Real Property with Auburn-Watt Storage Partners for APN:240-0341-002;
- ❖ and approve recovery of staff costs relative to the sale of the property from the sale proceeds.

CONTACT PERSONS: Vic Edmisten, Parks and Recreation Manager, 264-5336
Rhonda R. Lake, Real Property Agent, 264-7902

FOR THE COUNCIL MEETING OF: October 1, 1998

CONTINUED
FROM 10-01-98
TO 10-06-98

CONTINUED

FROM _____
TO _____

City Council
Sale of Real Property to Auburn-Watt Storage Partners
September 14, 1998

SUMMARY:

This staff report recommends approval of an agreement for sale of real property with Auburn-Watt Storage Partners (AWSP), for a 4.91 acre parcel described as APN:240-0341-002, and shown on Exhibit A attached. The property was severed from Del Paso Regional Park when Interstate 80 was constructed. Currently, it is improved with a public mini-storage warehouse complex with manager's residential unit, parking area and landscaping. The improved site is ground leased to Auburn-Watt Storage Partners for \$78,848 annually, which revenue currently offsets City park maintenance costs in the North area. All on-site improvements have been paid for by AWSP. The sale price of the fee simple interest in the property is One Million Dollars (\$1,000,000) based on valuations by staff and an independent fee appraiser retained by Auburn-Watt Storage Partners.

BACKGROUND INFORMATION:

In June 1979, the City and Public Storage, Inc. (PSI) executed a ground lease for 4.91 acres of land at Watt Avenue and Auburn Boulevard. The lease, City Agreement # 78-300, is for a term of forty (40) years. The lease was amended by City Agreement # 86-029 whereby PSI assigned its interest in the lease to Auburn-Watt Associates, Ltd. pursuant to an Assignment of Lease recorded in 1980. Subsequently, Auburn-Watt Associates, Ltd. changed its name to Auburn-Watt Storage Partners (AWSP). AWSP currently operates a mini-storage warehouse complex on the leased property. The mini-storage facility, manager's residential unit, landscaping and paved surfaces cover nearly the entire parcel. The parcel is located such that direct access to the site is limited and considered average in terms of its desirability in the open market.

It is the desire of AWSP to purchase the property to safeguard their financial investment and continue operation of the mini-storage facility. The lease expires in 2019 and provides Auburn-Watt Storage Partners a right of first refusal in the event the City shall, at any time during the term, elect to sell the property.

It is in the best interest of the City to sell the property to Auburn-Watt Storage Partners without competitive bidding for several reasons. First, the property is encumbered by a ground lease with AWSP until 2019. Second, the lease grants AWSP a right of first refusal should the City elect to sell the property. If the City calls for and receives bids on the property, those bids, if not exorbitant, would likely be matched by AWSP under the Right of First Refusal provided for in the lease. Third, since AWSP has agreed to a sale price consistent with the fair market value of the property. Accordingly, it is recommended that competitive bidding be waived and a sale agreement with Auburn-Watt Storage Partners be approved.

City Council
Sale of Real Property to Auburn-Watt Storage Partners
September 14, 1998

FINANCIAL CONSIDERATIONS:

Auburn-Watt Storage Partners has agreed to a purchase price of \$1,000,000 which represents approximately four dollars and sixty eight cents (\$4.68) per square foot.

Escrow fees and closing costs will be split between the City and AWSP. This report recommends that staff costs related to the sale of the property be recovered from the sale proceeds.

The net sale proceeds will be deposited in the General Fund for future allocation by Council.

ENVIRONMENTAL CONSIDERATIONS:

The Office of Environmental Affairs of the Neighborhoods, Planning and Development Services Department has reviewed the proposed land sale and has determined that this project is exempt from CEQA review pursuant to CEQA Guidelines, Section 15312 entitled "Surplus Government Property Sales".

POLICY CONSIDERATIONS:

Depositing the sale proceeds into the General Fund for future Council allocation is consistent with Council policy of proceeds returning to the fund of asset origin.

In accordance with Section 56.04.405 of Title 56 of the Sacramento City Code, the Planning Director has determined that the proposed conveyance of real property is consistent with the General Plan.

City Council
Sale of Real Property to Auburn-Watt Storage Partners
September 14, 1998

MBE/WBE:


None. No goods or services are being purchased.

Respectfully submitted,



Gary Alm, Manager
Development Services

Approved:



Duane Wray, Manager
Technical Services

RECOMMENDATION APPROVED:

Approved:



WILLIAM H. EDGAR
City Manager



Michael Kashiwagi
Director of Public Works

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Exhibit "A"

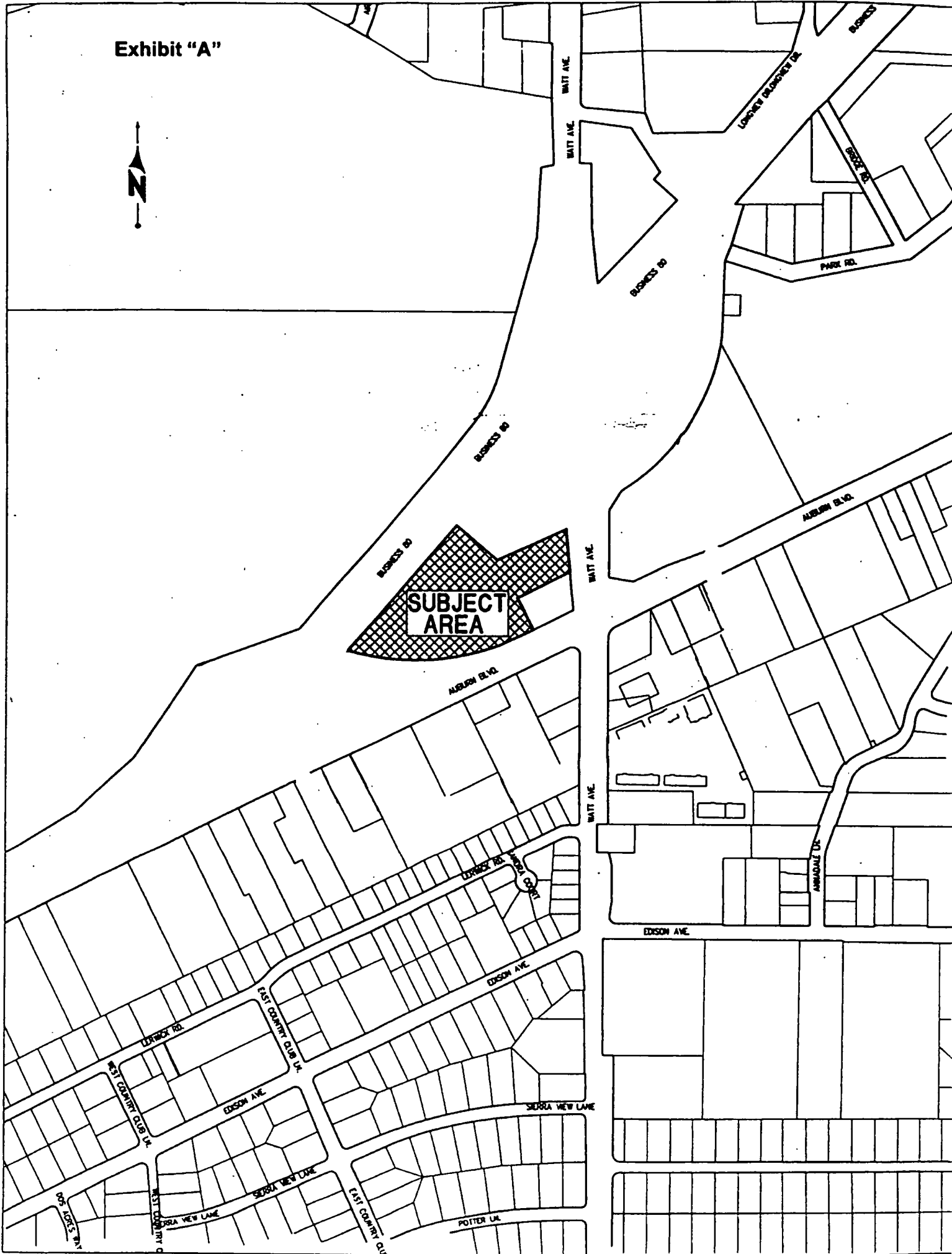


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EXCEPTING THEREFROM:

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Assessor's Parcel No: 240-0341-002

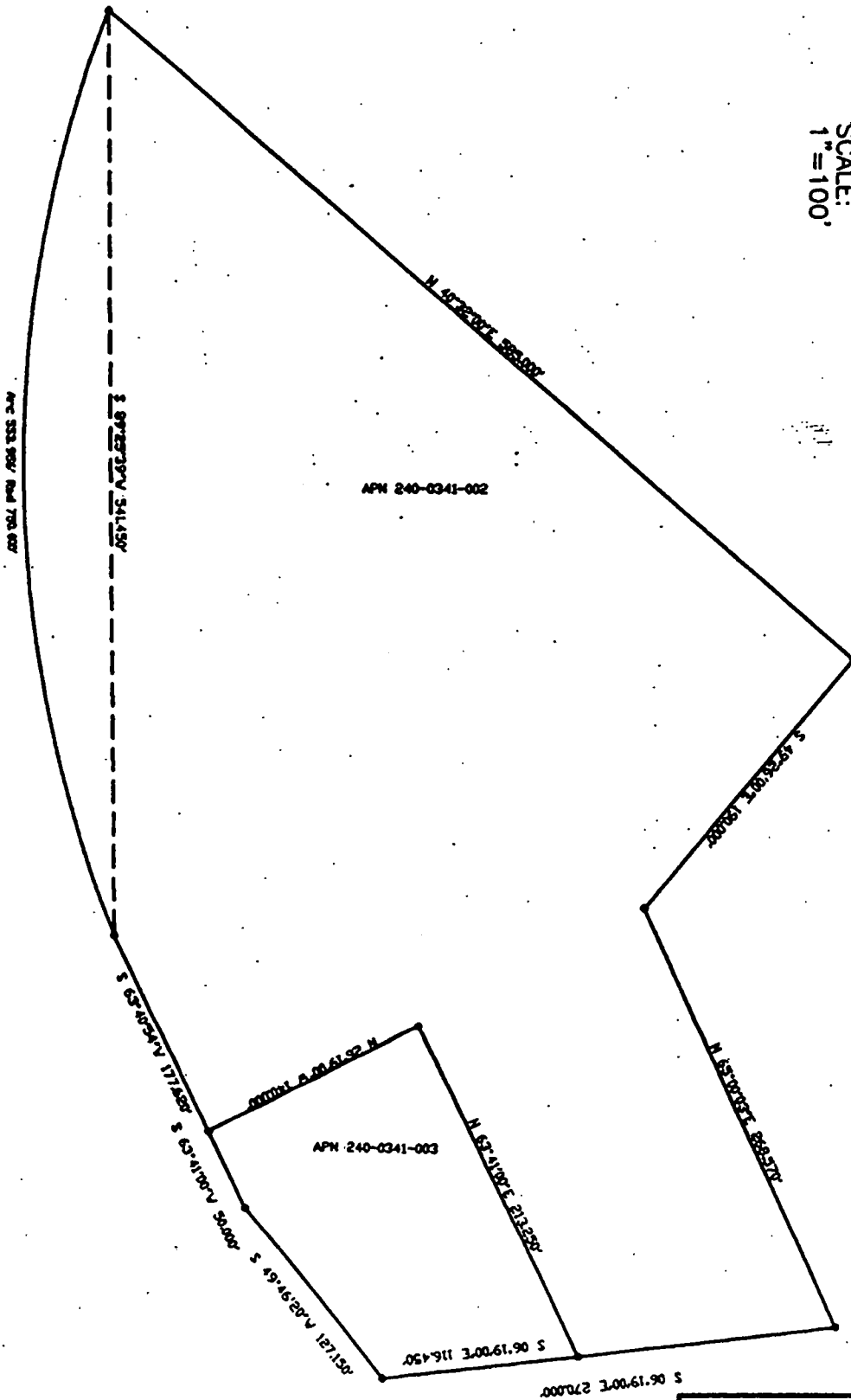


Exhibit "B"
 PROPERTY OF CITY OF SACRAMENTO
 A.P.N. 240-0341-002

NOV 1997

CITY OF SACRAMENTO
 DEPT. OF PUBLIC WORKS
 TECHNICAL SERVICES DIVISION
 SURVEY SECTION
 927 10th STREET
 SACRAMENTO, CA 95814

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE SALE OF REAL PROPERTY WITHOUT
COMPETITIVE BIDDING TO AUBURN-WATT STORAGE PARTNERS
FOR REAL PROPERTY LOCATED AT WATT AVENUE AND AUBURN
BOULEVARD DESCRIBED AS APN: 240-0341-002, PURSUANT TO TITLE 12,
CHAPTER 7 OF THE SACRAMENTO CITY CODE

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That it is in the best interest of the City to use the procedures set forth in City Code Section 12.07.170(A)(2) in lieu of the competitive bidding process as (i) the lease does not expire until 2019, (ii) the lease provides a right of first refusal to Auburn-Watt Storage Partners; and (iii) the sale price is consistent with the fair market value of the property.
2. That the City Manager is hereby authorized and directed to execute an Agreement for Sale of Real Property with Auburn-Watt Storage Partners, a California Limited Partnership, for the fee simple interest of APN: 240-0341-002, more specifically described in Exhibits "A" and "B" of the Agreement which is on file with the City Clerk.
3. That the City Manager is further authorized to execute such additional documents and to take such additional actions as necessary to implement the Agreement for Sale of Real Property.
4. That staff costs related to the sale of the property shall be recovered from the sale proceeds.

MAYOR

ATTEST:

CITY CLERK

8

FOR CITY CLERK USE ONLY

RESOLUTION NO: _____

DATE ADOPTED: _____

City Council
Sale of Real Property to Auburn-Watt Storage Partners
September 29, 1998

FINANCIAL CONSIDERATIONS:

Auburn-Watt Storage Partners has agreed to a purchase price of \$1,000,000 which represents approximately four dollars and sixty eight cents (\$4.68) per square foot.

Escrow fees and closing costs will be split between the City and AWSP. This report recommends that staff costs related to the sale of the property be recovered from the sale proceeds.

The net sale proceeds will be deposited in the General Fund for future allocation by Council. Staff recommends that net proceeds from the sale of this property be appropriated to the Robla Community Park Development project (PN:LN61). The proceeds will be used to fund the development and construction of the park site and related infrastructure improvements.

In addition, the City currently receives annual revenue from the ground lease of the property in the amount of \$78,848 which is applied toward the cost of park maintenance. In anticipation of the sale, the associated revenue budget was amended during the FY 1999 budget hearings to reflect the loss of revenue. Staff recommends no associated reduction be made to the Parks Division expenditure budget.

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The Office of Environmental Affairs of the Neighborhoods, Planning and Development Services Department has reviewed the proposed land sale and has determined that this project is exempt from CEQA review pursuant to CEQA Guidelines, Section 15312 entitled "Surplus Government Property Sales".

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In accordance with Section 56.04.405 of Title 56 of the Sacramento City Code, the Planning Director has determined that the proposed conveyance of real property is consistent with the General Plan.