

STAFF REPORT



ITEM NO. 22

CITY OF OCEANSIDE

DATE: July 11, 2007

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

SUBJECT: **DIRECTION FROM CITY COUNCIL TO SELL CITY-OWNED PARCELS OF LAND TO THE PUBLIC**

SYNOPSIS

Staff is seeking direction from the City Council regarding the sale of seven City-owned parcels of vacant land to generate revenue for much-needed capital improvement projects; and should the City Council decide to sell any of the parcels, authorize staff to issue a Request for Proposals.

BACKGROUND

The seven vacant parcels of real property ("Subject Properties") were originally acquired between 1968 and 1996 for different public purposes ranging from right-of-way expansion to flood control improvements in connection with the San Luis Rey River, to future water facility locations. Please refer to the attachment for a brief description and location of the Subject Properties. As the various improvements were completed over the years, the Subject Properties were no longer needed for the purposes for which they were acquired.

The Subject Properties consist of approximately 31.5 total gross acres, ranging in size from 0.23 acres to 11.0 acres. Currently, all seven of the Subject Properties are vacant parcels of land. Generally, the Subject Properties are not substantially improved, although some of the parcels have been rough-graded. The zoning of the Subject Properties are different residential classifications, industrial and open space. Also see attachment for specific zoning designations for each of the Subject Properties.

Except for the two properties along Rancho del Oro Drive, which comprise in part the Subject Properties, in 2003 the City Council declared the Subject Properties as surplus and made them available for sale to the general public. As for the two Rancho del Oro Drive properties, although owned by the City in 2003, they were not "developed" until 2004, which created more marketable value.

ANALYSIS

The Subject Properties are no longer needed for their intended purposes such as City rights-of-way, flood control areas and facilities as originally contemplated. Accordingly, the Subject Properties could be made available for development opportunities. Due to the interest by the public to purchase potentially developable properties in the City of Oceanside similar to the Subject Properties, the sale of the Subject Properties could command market prices relative to the condition of each of the Subject Properties (i.e., sold “as is” or subject to entitlements made to the properties such as a tentative map, etc.).

Some of the Subject Properties can be sold “as is” and achieve a sound value, whereas other parcels comprising the Subject Properties should be sold subject to entitlements in order to potentially actualize a better value. The “as is” properties can immediately be made available for sale. The properties requiring entitlements could take approximately two to three years before they are entitled (e.g., tentative map, etc.), and then subsequently made available for sale.

The Subject Properties are described as follows:

<u>Property Description</u>	<u>Proposed Development</u>	<u>Estimated Value</u>
Yucca Rd. south of Fire Mountain Dr.	Single-family residential	\$500,000
Vista Way at Lile St.	Residential	\$450,000
Cleveland St. north of Washington Ave.	Residential	\$500,000
NWC of Oceanside Blvd. and Rancho del Oro Dr.	Commercial	\$2,000,000
On Rancho del Oro Dr. north of Ocean Ranch Blvd.	Light Industrial	\$800,000
Pala Rd. west of Los Arbolitos Blvd. (northerly portion)	Single-family residential	\$4,400,000
Pala Rd. west of Los Arbolitos Blvd. (westerly portion)	Single-family residential	<u>\$3,600,000</u>
	Total	\$12,250,000

Should City Council approve the sale of the Subject Properties, a Request for Proposals (“RFP”) for the sale thereof to the public will be advertised and sent to interested parties within the next 30 days. There will be a two-month period in which an interested party can submit a proposal to acquire the Subject Properties, either individually or collectively. The proposal will need to include such items as the purchase price, terms

and conditions, the estimated closing date, and, if applicable, any proposed improvements as a condition thereto.

FISCAL IMPACT

The potential total revenue from the sale of the Subject Properties is estimated at \$12,250,000. The revenue from the sale of “as is” properties could occur over a short period of time, whereas the properties that are to be sold subject to entitlements could take up to three years. The estimated value of each of the parcels comprising the Subject Properties as set forth above reflect only an approximate assessment at this time and may be subject to an MAI appraisal. The total revenue from the sale of the Subject Properties could be affected by the cost of grading; ingress and egress; off-site utility costs; financing considerations; and the actual entitlements that are approved.

Further, the Subject Properties currently require annual maintenance for weed abatement, general clean-up and periodic litter removal. Inasmuch as the owner of the properties is the party responsible for the maintenance thereof, the sale of the properties would also relieve the City of this responsibility in the future. Thus, sale of the properties would also provide a slight maintenance expense savings to the City.

COMMISSION OR COMMITTEE REPORT

Does not apply.

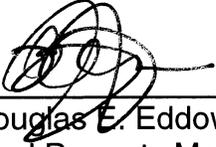
CITY ATTORNEY’S ANALYSIS

A city may dispose of property essentially any way it chooses, if the disposition is for the common benefit of the city’s citizens, and any disposition of public property must conform with the general plan. Before disposing of surplus property the city must first send a written offer to sell or lease the property to certain government entities for the purpose of providing such things as low-or-moderate-income housing development and open space, park and recreational property.

RECOMMENDATION

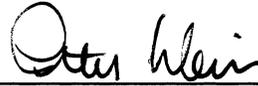
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PREPARED BY:



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SUBMITTED BY:



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Interim City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Joseph Arranaga, Acting Deputy Public Works Director



Attachment

BRIEF DESCRIPTION OF CITY-OWNED PROPERTIES POTENTIALLY AVAILABLE FOR SALE

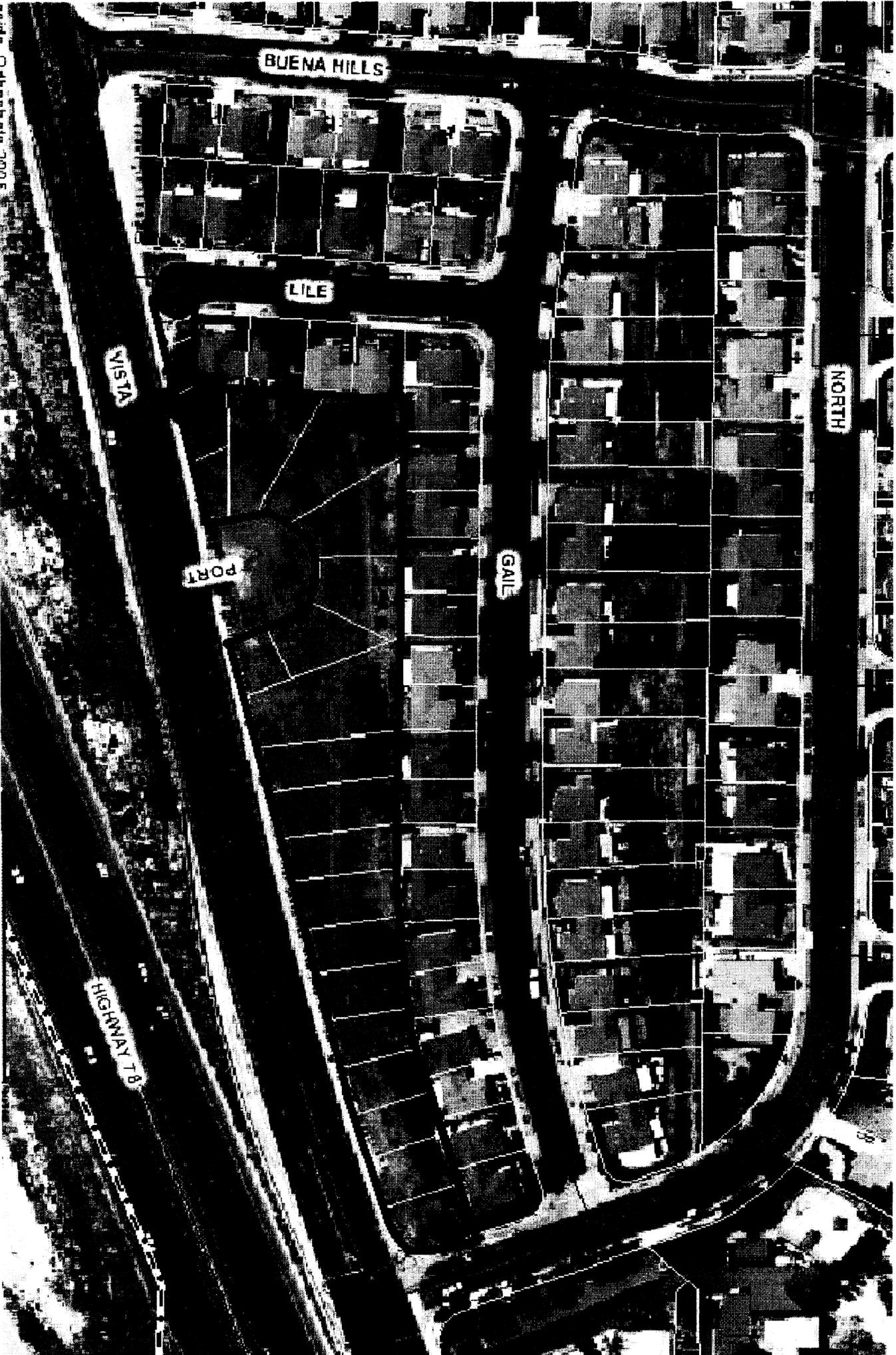
<u>Item</u>	<u>Property Description</u>	<u>APN</u>	<u>Size (ac.)</u>	<u>Zoning</u>
1	Yucca Rd. south of Fire Mountain Dr.	165-020-010	0.74	REB
2	Vista Way at Lile St.	165-493-019 thru 165-493-040	1.5	RMA
3	Cleveland St. north of Washington Ave.	150-182-006	0.23	RHU
4	NWC of Oceanside Blvd. & Rancho Del Oro Rd.	Portion of 162-082-45	4.0 (est.)	IL
5	Located on Rancho Del Oro Rd. northerly of Ocean Ranch Blvd.	Portion of 162-082-43	4.0 (est.)	IL
6	Pala Road west of Los Arbolitos Blvd. (northerly portion)	Portion of 158-010-31	11.0 (est.)	SFR & OS
7	Pala Road west of Los Arbolitos Blvd. (westerly portion)	158-301-46 & a portion of 158-010-31	9.0 (est.)	SFR & OS

Yucca Road



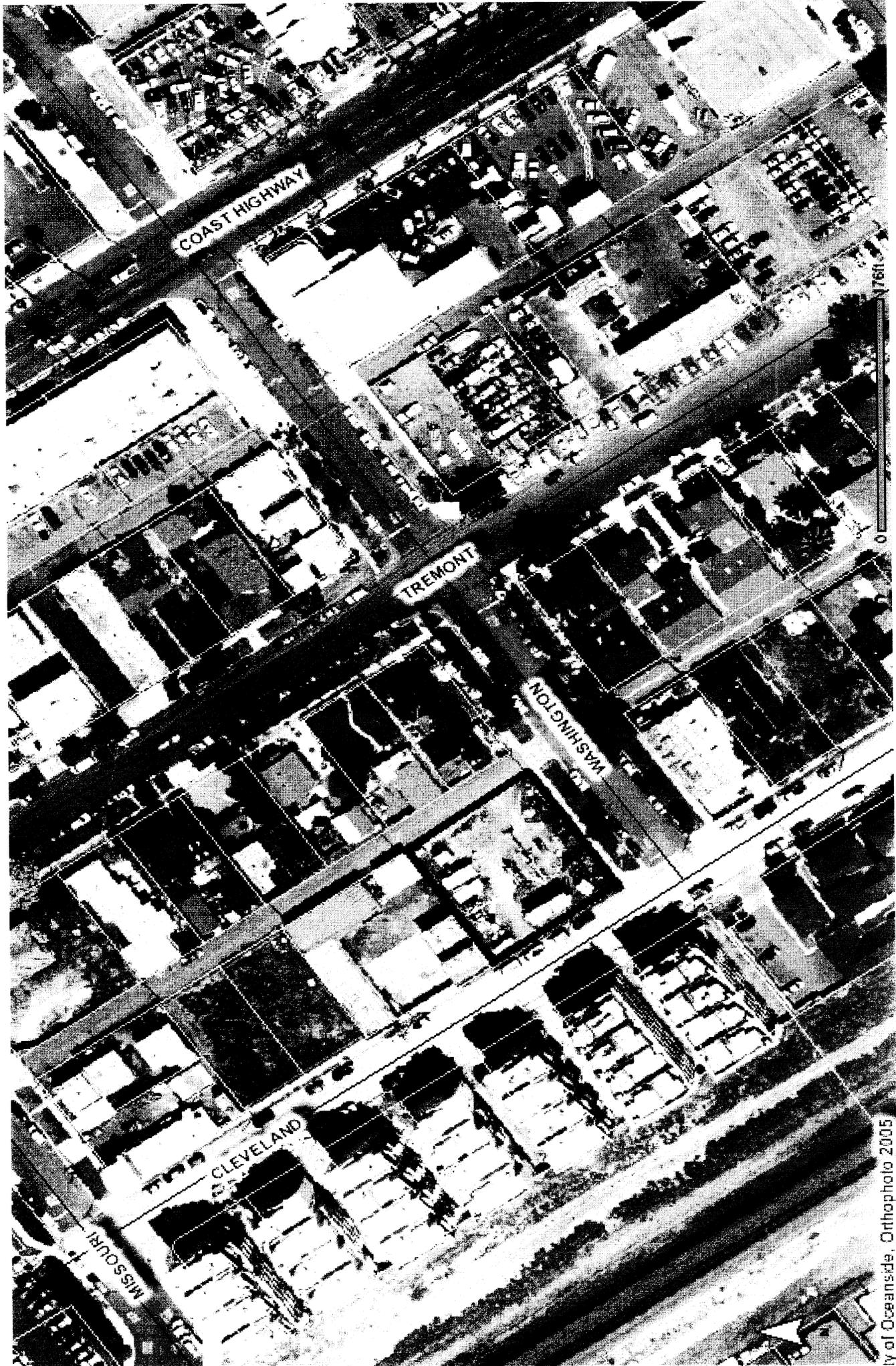
APN# 165-020-016

Vista Way



APN# 165-493-019 thru 040

Cleveland Street



City of Oceanside, Orthophoto 2005

APN# 150-182-006

North east corner of Oceanside Blvd & Rancho Del Oro Drive



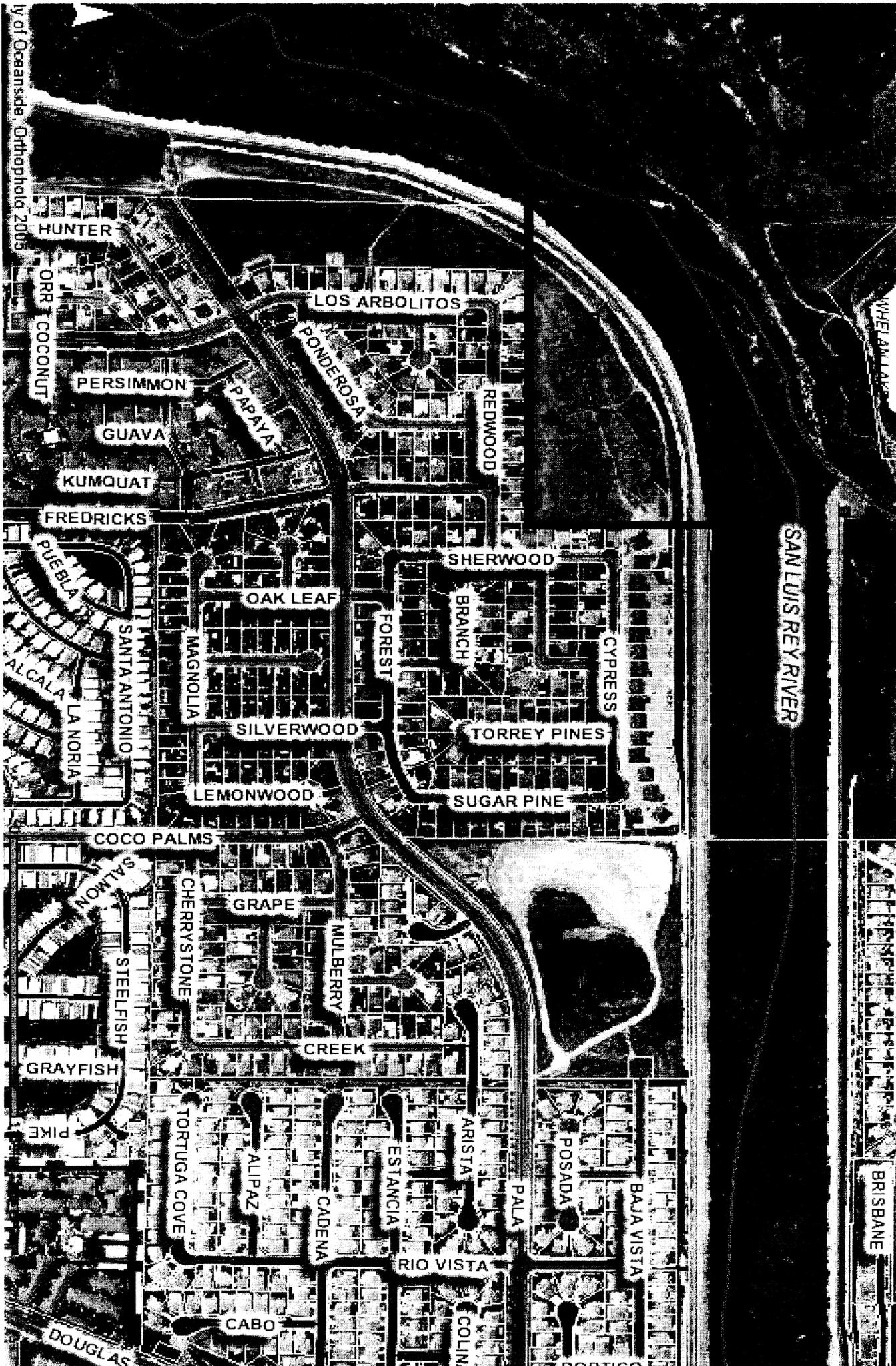
Oceanside, Orthophoto 2005

Portion of APN# 162-082-45

Rancho Del Oro Drive, North of Ocean Ranch Blvd.



Pala Road (north portion)



Portion of APN# 158-010-31

City of Oceanside, Orthophoto 2005