



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: October 28, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Marc Zafferano, City Attorney

SUBJECT: Adopt Resolution Authorizing the City Manager and the City Attorney to Execute Escrow Documents to Complete the Purchase of 324 Florida Avenue by the City of San Bruno and Appropriating \$604,000 from the Park In-Lieu Fund and up to \$10,000 from the General Fund

BACKGROUND:

Over the past several months, the City has been negotiating with the Clayton family to purchase property owned by Mary Clayton at 324 Florida Avenue. The property is located in a relatively dense residential neighborhood, and consists of several buildings that have fallen into disrepair over the past decades. One of the buildings contains a 9'x10' solid Honduras mahogany carving by Mrs. Clayton's grandfather depicting the birth of Switzerland in 1291. The carving had reportedly been displayed at the 1939-40 Golden Gate Exposition and at the Golden Gate Park Museum (now the DeYoung Museum).

The City Council conducted previous closed session discussion regarding purchase of this property for possible future use as public open space or a neighborhood park. Consistent with prior direction from the City Council in closed session, the City obtained an appraisal, and also conducted a thorough investigation into the condition of the soil and buildings, including a historical assessment. Based on that information, the parties have agreed on a purchase price of \$600,000, for which the City would also receive possession of the carving. This amount is significantly lower than the appraised value, and accounts for the fact that the City will need to perform environmental remediation at its expense after purchase. The City would pay for closing costs, which are estimated to be no more than \$14,000.

To complete the transaction, the City Manager and City Attorney must sign escrow instructions and other documents for which a City Council resolution is required.

DISCUSSION:

When a city acquires real property, the City Attorney must execute a Certificate of Acceptance, and the City Manager will need to sign various documents as part of the escrow. These authorizations must be memorialized by a City Council resolution.

Staff has reviewed the proposed purchase and sale agreement, all of the escrow documents and title reports, and they are in order. There are no existing liens or encumbrances on the property. It is anticipated that escrow will close before the end of the year.

FISCAL IMPACT:

The purchase price of \$600,000 will be funded by the Park In-Lieu Fund. Estimated closing costs of no more than \$14,000 will be funded by the remaining \$4,000 in the Park-in-Lieu Fund and any excess required would be appropriated from the General Fund. Once the City acquires title, it is exempt from paying property taxes.

RECOMMENDATION:

Adopt resolution authorizing the City Manager and the City Attorney to execute escrow documents to complete the purchase of 324 Florida Avenue by the City of San Bruno and appropriating \$604,000 from the Park-in-Lieu Fund and up to \$10,000 from the General Fund.

ALTERNATIVES:

1. Request additional information from staff before adopting the resolution.

ATTACHMENTS:

1. Resolution

DISTRIBUTION:

None.

REVIEWED BY:

_____ DH

_____ CM

RESOLUTION NO. _____

**RESOLUTION AUTHORIZING THE CITY MANAGER AND THE CITY ATTORNEY
TO EXECUTE ESCROW DOCUMENTS TO COMPLETE THE PURCHASE OF
324 FLORIDA AVENUE BY THE CITY OF SAN BRUNO AND APPROPRIATING \$604,000
FROM THE PARK IN-LIEU FUND AND UP TO \$10,000 FROM THE GENERAL FUND**

WHEREAS, Mary E. Clayton wishes to sell, and the City of San Bruno wishes to buy the property identified as 324 Florida Avenue (APN 020-366-050-1, 020-366-060-0, 020-366-070-9, 020-366-080-8, 020-366-090-7); and

WHEREAS, to complete the transaction, the City Manager and the City Attorney are required to execute various documents, including the purchase and sale agreement, escrow instructions, title documents and Certificates of Acceptance;

WHEREAS, the City desires to appropriate \$604,000 from the Park-in-Lieu Fund and up to \$10,000 from the General Fund to complete the transaction;

NOW, THEREFORE, BE IT RESOLVED that the City Council of San Bruno hereby authorizes the City Manager and City Attorney to execute escrow documents to complete the purchase of 324 Florida Avenue by the City of San Bruno and appropriating \$640,000 from the Park In-Lieu Fund and up to \$10,000 from the General Fund.

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I hereby certify that foregoing **Resolution No.** _____
was introduced and adopted by the
San Bruno City Council at a regular meeting
on October 28, 2014, by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

Carol Bonner, City Clerk