



City of Riverside Administrative Manual

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Policy Owner(s): Community & Economic
Development Department

Approved:

Department

City Manager

SUBJECT:

Disposition and Sale of City Owned Real Property

PURPOSE:

To establish procedures for the sale of City owned real property. Real property is defined by the Uniform Standards of Professional Appraisal Practice (USPAP) as the interests, benefits and rights inherent in the ownership of real estate. Real estate is defined by USPAP as an identified parcel or tract of land, including improvements, if any.

POLICY:

1. All disposition of real property shall be approved by the City Council.
2. The Real Property Services Division of the Community & Economic Development Department shall be responsible for disposing of real property.
3. When disposing of real property acquired with either state or federal funds, consult Caltrans Manual and City Attorney's Office for property disposition.
4. When disposing of real property acquired by eminent domain, consult with the City Attorney's Office for compliance with Right of First Offer requirements contained in Eminent Domain Law.
5. Surplus residential real property shall be disposed of in the manner prescribed in Government Code § 54236 et seq.
6. When non-residential real property may be declared surplus (Government Code § 54220 et seq.), the Real Property Services Division shall be responsible for disposing of real property pursuant to the procedure outlined below.

PROCEDURE:

| Responsibility | Action |
|-----------------------|--|
| Requesting Department | 1. Notifies the Real Property Services Division in writing, using the applicable Service Request Form, of its desire to sell or otherwise dispose of property under its jurisdiction. The written notification shall include the location, zoning, legal description, plats, deed number(s), the size, present use(s), deed restrictions, easements to be retained for City uses, and right-of-way previously granted, if available. The legal description and plats shall be obtained from the Public Works |

PROCEDURE:

| Responsibility | Action |
|------------------------|--|
| Real Property Services | <p>Engineering Division – Land Records Section. For surplus property, a statement that the property is no longer needed for a public use. For sales of property that is not surplus, disposition occurs as directed by the City Council and in consultation with the City Attorney's Office. The balance of this procedure applies only to sales of non-residential surplus property.</p> <p>2. Consults with the City Attorney's Office if the real property was acquired by eminent domain (CCP § 1245.245).</p> <p>3. Determines if other City departments want to acquire the property. If there is no need for the property by other departments, determines if property is exempt from surplus disposition. Establishes an initial offering price by obtaining an up-to-date appraisal from an independent source unless a Waiver Valuation is deemed feasible. Section 7.01.02.00 of the Caltrans Manual does not require an appraisal when the valuation problem is uncomplicated and the fair market value is estimated at \$10,000 or less, based upon a review of available data. Authority to waive an appraisal under these guidelines is allowed by Federal Regulation [49 CFR 24.102 (c)(2)]. The Real Property Services Manager shall be responsible for determining and preparing a "Waiver Valuation" when appropriate. Submits reports to the proper advisory board, if applicable, and to the City Council for declaration of surplus property and authorization to dispose or authorization to dispose if exempt.</p> |
| City Council | 4. Declares the property surplus. |
| Real Property Services | <p>5. Parcels that are not independently developable and do not meet minimum lot size for development are considered exempt. The following are exempt from this procedure:</p> <p>If the sale is to a contiguous owner and (a) has no record access and is less than 10,000 square feet; (b) is less than 5,000 square feet; or (c) is less than the minimum lot size for residential building or is 5,000 square feet, whichever is less (Government Code § 54221).</p> <p>If exempt, proceed with Step 8 below.</p> <p>6. If a parcel is not considered exempt, then the following shall occur:</p> <p>Contacts appropriate governmental agencies (local, county, state, and regional) as to their interest pursuant to Government Code § 54222 et seq. If no interest from any governmental agency, offers to the public as described below.</p> |

PROCEDURE:

| Responsibility | Action |
|------------------------|--|
| | 7. Places the property on the market and coordinates its (their) sale by staff marketing, services of a broker, including payment of market rate commissions (see attached Criteria for Selecting Brokers), Request for Proposals or other manner authorized by City Council and/or required by law. * |
| | 8. Conducts negotiations as required and submits a request to City Attorney's Office to prepare a Purchase and Sale Agreement. |
| City Attorney's Office | 9. Prepares Purchase and Sale Agreement. |
| Real Property Services | 10. Submits buyer signed Purchase and Sale Agreement to City Council for approval of sale. |
| | 11. Upon Approval of sale by City Council, when appropriate, opens escrow and submits signed Purchase and Sale Agreement and executes any escrow instructions. |
| | 12. Submits deed to buyer for execution and forwards deed to City Attorney's Office. |
| City Attorney's Office | 13. Approves all deeds as to form and forwards to the City Clerk's Office for execution. |
| City Clerk's Office | 14. Returns executed deed to Real Property Services Division. |
| Real Property Services | 15. Delivers the deed to escrow. If no escrow, records the deed. |
| | 16. Upon sale, compiles applicable property inventory data and sends to General Services. |
| General Services | 17. Completes Land and Building Assets form once all actions necessary have been completed. Sends copies to the department involved and to the Finance Department, as required. |
| | *Note: a) If marketing efforts fail to produce any interest or if proposed escrow is not concluded, following further discussions with requesting department, additional advertising and broker services will be considered or property may be taken off the market until better sales conditions exist. |
| | b) For cases in which a private party makes the initial inquiry regarding a parcel of City property, the above procedure shall also be applicable. |

Attachment:

1. Criteria for Selecting Brokers

Number: 08.003.00

Attachment:

- 1. Criteria for Selecting Brokers**

CRITERIA FOR SELECTING BROKERS

As outlined in Administrative Manual Policy 08.003.00, the Real Property Services Division will take the lead in disposing of surplus property by sale. Certain circumstances may necessitate obtaining the services of outside brokers. The following is the criteria by which outside brokers would be qualified and selected:

1. Criteria Given Consideration when Qualifying Brokers:

- Years in business
- Experience with fee sales transactions
- Experience with leasing
- Gross number and gross dollar volume of sales and/or leases for previous year
- Category of leased and/or sold properties (emphasizing commercial properties) and average square footage
- Sample of prior year's successful transactions where broker's company was listing or selling agent within City of Riverside or San Bernardino as appropriate (i.e. location of leases and/or closed sales escrows)
- Description of firm's ability to successfully market properties
- Examples of previous successful marketing efforts
- Biography of Company and Principals
- Number of available agents
- References
- Member in good standing of NRA, CRA and MRMLS for residential properties and CCIM, ICSC, or other similar professional organization for commercial properties

2. Other Qualifying Criteria:

- Preference given to locally based firms; this will not preclude non-local firms
- Commission shall be competitive and negotiable
- Firm's ability to successfully market properties

3. Broker's Scope of Services:

- Develop marketing program and budget
- Market to prospective buyers/tenants
- Work with Property Services in coordinating the escrow/lease negotiations (Property Services shall prepare and process all documents for submittal to escrow)
- Provide market comparables and opinion of value
- Provide updates on marketing and prospects to Property Services at least twice a month or as agreed upon, depending on subject property.

4. Panel of Qualified Brokers:

- If several properties need to be disposed of, a panel of qualified brokers may be established for this purpose.
- Based upon the criteria outlined in Sections 1 and 2 above, staff shall establish (certify) a panel of qualified brokers; firms shall be selected from this panel when services are required
- The panel of qualified firms shall be decertified by staff every three years; to "decertify", staff shall review firm's performance and experience based upon criteria outlined in Sections 1, 2 and 3 above

5. Dissemination of Requests for Qualifications

- Requests for Qualifications shall be disseminated through appropriate means, such as Inland Valley Association of Realtors, announcements in "Newsflash," distribution to major brokerage offices, etc. or other appropriate methods deemed necessary