

## CITY COUNCIL

For City Clerk's Use:

☐

**APPROVED**

☐

**DENIED**

Reso No. \_\_\_\_\_

File No. \_\_\_\_\_

Ord No. \_\_\_\_\_

**Agenda Item No.:** 10

**Date:** July 14, 2010

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Edward N. Domingue, Director of Engineering Services  
Jerry Van Leeuwen, Director of Community Services  
Jo Ann Case, Economic Development & Real Property Manager

**SUBJECT:** Sale of City-Owned Residential Properties Located on Two Parcels in Escondido

**RECOMMENDATION:**

It is requested that Council adopt Resolution No. 2010-120 authorizing the Real Property Manager to negotiate an agreement to sell the City's Properties to the Center for Community Solutions (CCS).

**FISCAL ANALYSIS:**

The sales price is \$609,000, which is derived from the properties being valued at \$734,000. CCS was given a credit of \$125,000 toward the purchase price, for improvements they made to the properties at a cost of \$250,000. This resulted in an adjusted purchase price of \$609,000. A good faith \$2,500 non-refundable deposit is to be made by CCS into an escrow account.

**PREVIOUS ACTION:**

The lease between the City and CCS began in February 2008 and was adopted by Resolution 2007-171. This lease provided CCS with an option to purchase the leased properties anytime during a 54-month period beginning on the effective date of the lease. An amount of \$609,000 is specified as the purchase price on Attachment "B" of the lease (Exhibit 1 to the staff report).

**BACKGROUND:**

One parcel of this property was originally purchased with \$150,000 in Community Development Block Grant (CDBG) funds, with an additional \$68,282 in CDBG funds expended on miscellaneous rehabilitation work. Per CDBG regulations, \$218,282 of the \$609,000 purchase price will go back into the CDBG unallocated fund balance to be allocated, pending Council approval, at a later date.

A second parcel of this property was transferred as a charitable gift to the City, along with an endowment of approximately \$160,000, by the EYE, a not for profit organization providing services for

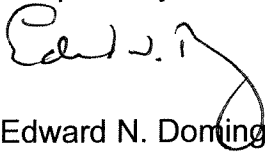
children, youth and families that ceased operations, with the understanding that the property would be used to support youth and families. In keeping with the original intent of the gift, \$160,000 of the remaining proceeds from the sale of the property will go to the Share a Dream scholarship fund, which will recoup the loss of \$2,000 per month in lease payments that had been coming from Center for Community Solutions, and the balance of \$230,718 will go to the Recreation Reserve Fund.

Staff is requesting that proceeds of the sale go to the Recreation Reserve Fund in contrast to existing City policy that would deposit the proceeds to the Economic Development Fund. The rationale for this alternative is based on original source and intent of the Board of Directors of the EYE. When the EYE dissolved, the assets were transferred to the City with the approval of the California Attorney General's office. The understanding was that the transferred assets, including Hidden Valley House, would be used to support programming for children and youth. Since recreation programs are primarily designed to support children and youth, staff believes this is an appropriate request. The funds would be deposited in the Recreation Reserve Fund and used to implement the business plan presented to Council in the course of developing the FY 2010-2011 budget.

CCS has been leasing properties from the City for many years. They provide a valuable confidential service. Due to the nature of the service, the addresses of the properties are protected.

CCS is obtaining grant funds to purchase the properties. They are currently paying \$2,000 per month in rent to the City. The properties were originally purchased with CDBG funds, so proceeds from the sale will be returned to the CDBG account. Escrow is expected to close when CCS receives their grant funds for the purchase. The escrow instructions allow for a 60-day escrow period, but the purchase will probably close in July. All costs associated with the sale will be paid by CCS.

Respectfully submitted,



Edward N. Domingue, P.E.  
Director of Engineering Services



Jerry Van Leeuwen  
Director of Community Services



Jo Ann Case  
Economic Development & Real Property Manager

7/14/10  
Sale of City Property to CCS  
Staff Report  
Exhibit "1"

Resolution 2007-171  
Exhibit A  
Page 16 of 23

**ATTACHMENT B**

**ADJUSTED OPTION PRICE AT COMMENCEMENT OF LEASE**

The price of the Premises if the option is timely exercised shall be \$734,000.00 less \$125,000 for an Adjusted Option Price of \$609,000. The adjustment of \$125,000 is relevant to 50% of the value of property improvements completed by Lessee prior to lease commencement (\$250,000 multiplied by 50%).

RESOLUTION NO. 2010-120

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, A PURCHASE AND SALE AGREEMENT FOR THE PURCHASE OF CITY-OWNED RESIDENTIAL PROPERTIES ON TWO PARCELS IN THE CITY OF ESCONDIDO

(Center for Community Solutions)

WHEREAS, certain City-owned real property located in Escondido with a protected address (the "Property") is leased by the Center for Community Solutions; and

WHEREAS, the Center for Community Solutions has a lease agreement with the City that includes an option to purchase the Property; and

WHEREAS, it is in the City's best interest to sell the Property to the Center for Community Solutions for a sales price of \$609,000 and to enter into a Purchase and Sale Agreement ("Agreement") with the Center for Community Solutions; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve the Agreement with the Center for Community Solutions.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.

2. The Mayor and City Clerk are authorized to execute, on behalf of the City, the Agreement with the Center for Community Solutions, in substantially the form attached to this resolution as Exhibit "A," and incorporated by this reference, and subject to final approval as to form by the City Attorney.

**PROJECT:** Center for Community Solutions

**A.P.N.:** [REDACTED]

**ADDRESS:** [REDACTED]  
[REDACTED]  
Escondido, CA 92025

**OWNER:** CITY OF ESCONDIDO

**AGREEMENT FOR ACQUISITION OF REAL PROPERTY**

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ by and between the CENTER FOR COMMUNITY SOLUTIONS (hereinafter called "Buyer"), and the undersigned owner CITY OF ESCONDIDO, a municipal corporation (hereinafter called "Seller"), for the acquisition, by Buyer, of certain real property as hereinafter set forth.

**Recitals**

A. Seller owns that certain real property and the improvements constructed thereon (collectively, the "Property") in the City of Escondido ("City"), County of San Diego, and legally described in Exhibit "A", attached hereto and incorporated by this reference.

B. Seller desires to sell the Property to Buyer, and Buyer desires to purchase the Property from Seller, on the terms and conditions set forth below. IT IS HEREBY MUTUALLY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. **AGREEMENT TO SELL AND PURCHASE.** Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, upon the terms and for the consideration set forth in this Agreement, the Property, situated in the City of Escondido, County of San Diego, State of California, and legally described in Exhibit "A."
2. **PURCHASE PRICE.** The total purchase price, payable in cash through escrow, shall be SIX HUNDRED AND NINE THOUSAND DOLLARS (\$609,000.00) (the "Purchase Price"). Buyer is exercising its option to purchase the Property pursuant to Section 5 of its lease agreement ("Lease") (A-2674) with the City of Escondido. The Lease states a time frame to exercise the option and the amount of the Purchase Price.

Buyer is currently occupying the premises and will continue to do so and is not subject to California statutory requirements for relocation assistance. Therefore, Buyer waives any right(s) Buyer may be entitled to under the State of California Relocation Assistance Law or the Federal Uniform Relocation Assistance Act.

3. CONVEYANCE OF TITLE. Seller agrees to convey by Grant Deed to Buyer marketable fee title to the Property, free and clear of all recorded and unrecorded liens, encumbrances, assessments, easements, leases, covenants, conditions, restrictions, and taxes, EXCEPT:
- a. Taxes as per Section 4986 of the Revenue and Taxation Code.
  - b. Public and quasi-public utility, alley and street easements and rights-of-way record.
4. ESCROW. Buyer agrees to open an escrow in accordance with this Agreement, and has selected Oak Tree Escrows, Inc., Bobbi Pearson, Escrow Officer, hereinafter called "Escrow Agent."

This Agreement constitutes the joint escrow instructions of Buyer and Seller. The Escrow Agent, to whom these instructions are delivered, is hereby empowered to act under this Agreement.

Upon escrow opening, Buyer agrees to deposit, with the Escrow Agent, a \$2500.00 non-refundable deposit as required by the Buyer's Lease with the City of Escondido (section 5.1.3).

Seller will execute and deposit with Escrow Agent, a deed, to Buyer, similar to Exhibit "A" of this Agreement. As soon as the Escrow Agent has received the Seller's deed, but not earlier than thirty (30) days prior to the scheduled escrow closing date, Buyer agrees to deposit, with the Escrow Agent, the remainder of the Purchase Price for the Property. Seller and Buyer both agree to deposit, with Escrow Agent, any additional instruments as are necessary.

Insurance policies for fire or casualty are not to be transferred, and Seller shall cancel his own policies after close of escrow.

All funds received in this escrow shall be deposited with other escrow funds in a general escrow account(s) (may be transferred to any other such trust escrow account or accounts) and all disbursements shall be made by check of said Escrow Agent.

Possessory Interest Taxes for the fiscal year in which this escrow closes shall be cleared and paid by Buyer in the manner required by Section 4986 of the Revenue and Taxation Code, if unpaid at the close of escrow. This provision will apply to escrows closing between July 1 and October 20.

**ESCROW AGENT IS AUTHORIZED TO:**

- a. Pay and charge Buyer for any unpaid (applies to period October 21 to June 30) and/or delinquent taxes and any penalties and interest thereon, and for any delinquent or non-delinquent assessments or bonds against the Property;
- b. Pay and charge Seller for any amount necessary to place title in the condition necessary to satisfy paragraph 3 of this Agreement;

- c. Pay and charge Buyer for any usual escrow fees, charges, and costs payable under paragraph 6 of this Agreement.
- d. Disburse funds and deliver deed when conditions of this escrow have been fulfilled by Buyer and Seller.

If this escrow is not in condition (except for deposit of money by Buyer, which shall be made upon demand of Escrow Agent) to close within sixty (60) days from date of these instructions, any party who then shall have fully complied with these instructions, may, in writing, demand the return of his money or Property; but if none have complied, no demand for return thereof shall be recognized until five (5) days after Escrow Agent shall have mailed copies of such escrow instructions, and if any objections are raised within said five (5) day period, Escrow Agent is authorized to hold all papers or documents until instructed by a court of competent jurisdiction or by Buyer and Seller collectively. If no demands are made, Escrow Agent shall proceed with closing this escrow as soon as possible.

All time limits within which any matter herein specified is to be performed may be extended by mutual agreement of the parties hereto. Any amendment of, or supplement to, any instructions must be in writing.

Responsibility of the Escrow Agent under this Agreement is expressly limited to paragraphs 1-6 inclusive and to its liability under any policy of title insurance issued in regard to this transaction.

- 5. TITLE INSURANCE POLICY. Escrow Agent, following recording of deed to Buyer, shall provide Buyer with a CLTA Standard Coverage Policy of Title Insurance in the amount of \$609,000 showing title to Property vested in Buyer subject only to the exceptions set forth in paragraph 3 and the printed exceptions and stipulations in said policy.
- 6. ESCROW FEES, CHARGES AND COSTS. Buyer shall pay: escrow and recording fees incurred in this transaction; Buyer's title insurance premium charge; and documentary stamp tax, if required. Said escrow and recording charges shall not include: reconveyance fees, trustees' fees; forwarding fees; or prepayment charges for any full or partial reconveyance or full or partial release of any mortgage or deed of trust. Pursuant to California Code of Civil Procedure Section 1265.240, no prepayment penalty is required to be paid where property is required for a public use.
- 7. PERMISSION TO ENTER ON PREMISES. It is mutually understood and agreed by and between the parties hereto that notwithstanding other provisions of this contract the right of possession and use of the subject Property by the Buyer, including the right to remove and dispose of improvements shall commence upon execution of this Agreement by the Seller, so that the amount shown in paragraph 2 herein includes, but is not limited to, full payment for such possession and use, including damages, if any, from said date.
- 8. LEASES. N/A
- 9. MAINTENANCE. N/A



10. NOTICES. Any notice, which either party may desire to give to the other party, must be in writing and may be given by personal delivery or by mailing the same by registered or certified mail, return receipt requested, to the party to whom the notice is directed at the address of such party set forth at the end of this Agreement, or such other address as the parties may hereinafter designate by giving notice in the manner provided for herein. Any notice given by mail shall be deemed given forty-eight (48) hours after such notice is deposited in the United States mail, addressed as provided, with postage fully prepaid.
11. COST OF SUIT. In the event of any litigation, arbitration, any quasi-judicial, or administrative proceeding between the parties herein to: (1) enforce any provision of this Agreement; (2) enforce any remedy available under default within this Agreement, or; (3) seek a declaration of the rights of either party on each party's respective interests in the Property, the prevailing party shall be entitled to recover from the other such attorney's fees, and costs as may be reasonably incurred.
12. RIGHT OF ENTRY. N/A
13. COUNTERPARTS. This Agreement may be executed in counterparts, each of which so executed shall irrespective of the date of its execution and delivery be deemed an original, and all such counterparts together shall constitute one and the same instrument.
14. SUCCESSORS AND ASSIGNS. The terms, conditions, covenants, and agreements set forth herein shall apply to and bind the heirs, executors, administrators, assigns, and successors of the parties hereto.
15. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties, and neither party relies upon any warranty or representation not contained in this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year set forth below.

SELLER: City of Escondido  
a municipal corporation

MAILING ADDRESS OF SELLER:

Attn: Real Property  
201 North Broadway  
Escondido, CA 92025

Dated : \_\_\_\_\_, 2010

BY: \_\_\_\_\_  
Lori Holt Pfeiler, Mayor

Dated : \_\_\_\_\_, 2010

BY: \_\_\_\_\_  
Marsha Whalen, City Clerk

BUYER: Center for Community Solutions

MAILING ADDRESS OF BUYER:

Attn: Verna Griffin-Tabor, CEO  
4508 Mission Bay Drive  
San Diego, CA 92109

Dated : \_\_\_\_\_, 2010

BY: \_\_\_\_\_  
(Print Name & Title Below)

Authorizing Resolution No.  
R2010-120

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY  
JEFFREY R. EPP, City Attorney

By: \_\_\_\_\_

RECORDING REQUESTED BY  
the Center for Community Solutions

When recorded mail to:  
Center for Community Solutions  
Attn: Verna Griffin-Tabor, CEO  
4508 Mission Bay Drive  
San Diego, CA 92109

APN                      and                     

ESCONDIDO DOC NO. M-14-10

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**CITY OF ESCONDIDO  
GRANT DEED**

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FOR VALUABLE CONSIDERATION, RECEIPT OF WHICH IS HEREBY  
ACKNOWLEDGED

**The CITY OF ESCONDIDO, a municipal corporation, GRANTOR**

hereby grants, conveys and dedicates to

**CENTER FOR COMMUNITY SOLUTIONS, GRANTEE**

the real property in the City of Escondido, County of San Diego, State of California, described on  
the attached Exhibit "A".

Dated: \_\_\_\_\_

GRANTOR  
City of Escondido, a municipal corporation

BY: \_\_\_\_\_  
Lori Holt Pfeiler, Mayor

BY: \_\_\_\_\_  
Marsha Whalen, City Clerk

## EXHIBIT "A"

### Legal Description

**Assessor Parcel No.:** [REDACTED]

**Commonly Addressed as:** 1 [REDACTED]

Lot 2 in Block 50 of Escondido, in the City of Escondido, County of San Diego, State of California according to Map thereof No. 336, filed in the Office of the County Recorder of San Diego County July 10, 1886.

**Assessor Parcel No.:** [REDACTED]

**Commonly Addressed as:** 1 [REDACTED]

Lot 1 in Block 50 of Escondido, in the City of Escondido, County of San Diego, State of California according to Map thereof No. 336, filed in the Office of the County Recorder of San Diego County July 10, 1886.

CITY OF ESCONDIDO DOC. NO. M-14-10

TITLE OR TYPE OF DOCUMENT: GRANT DEED

GRANTOR: CITY OF ESCONDIDO, a municipal corporation

GRANTOR'S ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO

On \_\_\_\_\_ (date) before me, \_\_\_\_\_,  
a Notary Public, personally appeared

\_\_\_\_\_, (name(s) of  
signers)

\_\_\_\_ personally known to me - OR - \_\_\_\_ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s), is/are subscribed to the within instrument and acknowledge to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

\_\_\_\_\_  
Signature of Notary

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CITY ACCEPTANCE

THIS IS TO CERTIFY that the interest in real property conveyed by the attached deed or grant, dated as shown hereon and from the persons named (Grantor) to the City of Escondido, a municipal corporation, is hereby accepted pursuant to Ordinance Number 97-14 of the City Council of the City of Escondido, dated July 2, 1997, and the Grantee consents to recordation thereof by said Grantees duly authorized officer.

\_\_\_\_\_  
Jo Ann Case, Real Property Manager

**CONSENT OF ESCROW AGENT**

The undersigned Escrow Agent hereby agrees to (i) accept the foregoing Agreement, (ii) be escrow holder under said Agreement, and (iii) be bound by said Agreement in the performance of its duties as escrow holder; provided, however, the undersigned shall have no obligations, liability or responsibility under (a) this Consent or otherwise, unless and until said Agreement, fully signed by the parties, has been delivered to the undersigned, or (b) any amendment to said Agreement unless and until the same is accepted by the undersigned in writing.

Dated: \_\_\_\_\_

OAK TREES ESCROWS, INC.

By: \_\_\_\_\_  
Escrow Officer Bobbi Pearson