

City of Hesperia

STAFF REPORT



DATE: November 5, 2019

TO: Mayor and Council Members

FROM: Nils Bentsen, City Manager

BY: Rod Yahnke, Economic Development Manager

SUBJECT: Real Property Purchase and Sale Agreement – 9393 Santa Fe Avenue East

RECOMMENDED ACTION

It is recommended that the City Council adopt Resolution No. 2019-64: (i) approving the "Agreement For The Purchase and Sale of Real Property and Joint Escrow Instructions" (Agreement) for real property located at 9393 Santa Fe Avenue East, Assessor Parcel Numbers 0410-171-19 & 0410-171-47 (Property) by and between Juvenal Perea and Jessica Vera (Buyer) and the City of Hesperia (Seller); and (ii) authorizing the City Manager to execute all documents necessary to complete the transaction.

BACKGROUND

The City of Hesperia (City) formerly housed the Hesperia Police Department headquarters at the Property until completion of the newly constructed headquarters in 2010.

The Property has gone through a series of proposed uses including a maintenance yard for Burlington Northern Santa Fe (BNSF) and offices for the San Bernardino County Special District.

In March 2019, the building burned and was declared a complete loss. City staff spent significant resources clearing the site. Asbestos and lead testing were completed in May 2019 and neither were detected.

ISSUES

The sales price was negotiated between the Buyer and Seller through Coldwell Banker Commercial (CBC), the City's commercial real estate broker. The Agreement contains standard real estate deal points including a fifteen (15) day escrow closing and splitting escrow costs pursuant to industry standards. Seller will pay a 5% commission out-of-sale proceeds pursuant to the City's contract with CBC.

Buyer intends on using the property for a pottery and plant outlet store.

FISCAL IMPACT

Prior to burning down, book value for the Property was One Hundred Seventy-Three Thousand One Hundred Forty-Five Dollars and Sixty Cents (\$173,145.60).

Sales price is One Hundred Thirty-Two Thousand Four Hundred Dollars (\$132,400) cash at close of escrow. Seller will pay commission and its portion of closing costs and escrow fees through escrow out-of-sale proceeds.

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

1. Resolution No. 2019-64
2. Purchase & Sale Agreement
3. Seller's Counter Offer