




London N. Breed, Mayor  
Naomi M. Kelly, City Administrator

Andrico Q. Penick  
Director of Real Estate

## MEMORANDUM

**Date:** September 23, 2019

**From:** Andrico Q. Penick, Director of Real Estate 

**To:** Members of the Board of Supervisors

**Subject:** **Authorization for sale of city-owned property in Fresno County at appraised value of \$170,000**

### Background

The City and County of San Francisco owns approximately 1500 acres of land (40 acres just west of Coalinga, CA (Fresno County), the remainder in Kern County, in and around Bakersfield) that came to the City in 1941 from the Fuhrman Estate. The Fuhrman Estate Bequest specified that any revenues must be split 50/50 for the "adornment of Golden Gate Park as may be determined by the Park Commissioners" and the "acquisition of additional books on economic and political subjects for the San Francisco Public Library". Subsequent legal analysis supported a broader use of funding for the Library, which was confirmed by the court several decades ago. Many of the assets (stocks, bonds, other properties) bequeathed to the City were sold immediately upon receipt. The Fresno and Kern County property assets were retained by the City. There is no restriction on sales of these assets (except as noted below), and net proceeds must flow in equal share to the Recreation and Parks Department and Library.

In 1978, the City signed a ground lease with Oil Well Service Co for the use of 40 acres of land in Fresno County, just west of Coalinga. The property was used for material storage purposes. That lease was terminated on January 31, 2019, as the tenant vacated the property. After appraising the property to determine fair market lease and fair market sale values, it was determined that sale of the property was in the best interests of the City. Following a competitive process, Real Estate selected Cushman and Wakefield (and their affiliate, Pacific Commercial Realty Advisors) to represent the City as our broker in the disposition of the subject 40 acre site, and the property was subsequently placed on the market for sale.

### Current Situation

This property has very little power or water infrastructure, but does have two metal buildings suitable for material storage (less than 5,000 square feet in size combined), constructed in the late 1960's. The City offered the property through the above-mentioned brokerage firm for sale. The City has received a bona-fide offer from Richard Storti, Jr., in the amount of \$170,000 – the appraised value. Real Estate is recommending that this offer be accepted.

The Library Commission, at their meeting of July 19, 2019, unanimously recommended the Board approve this sale. The Recreation and Park Commission also recommended the Board approve this sale at their meeting of September 19, 2019.

**Fiscal Impact**

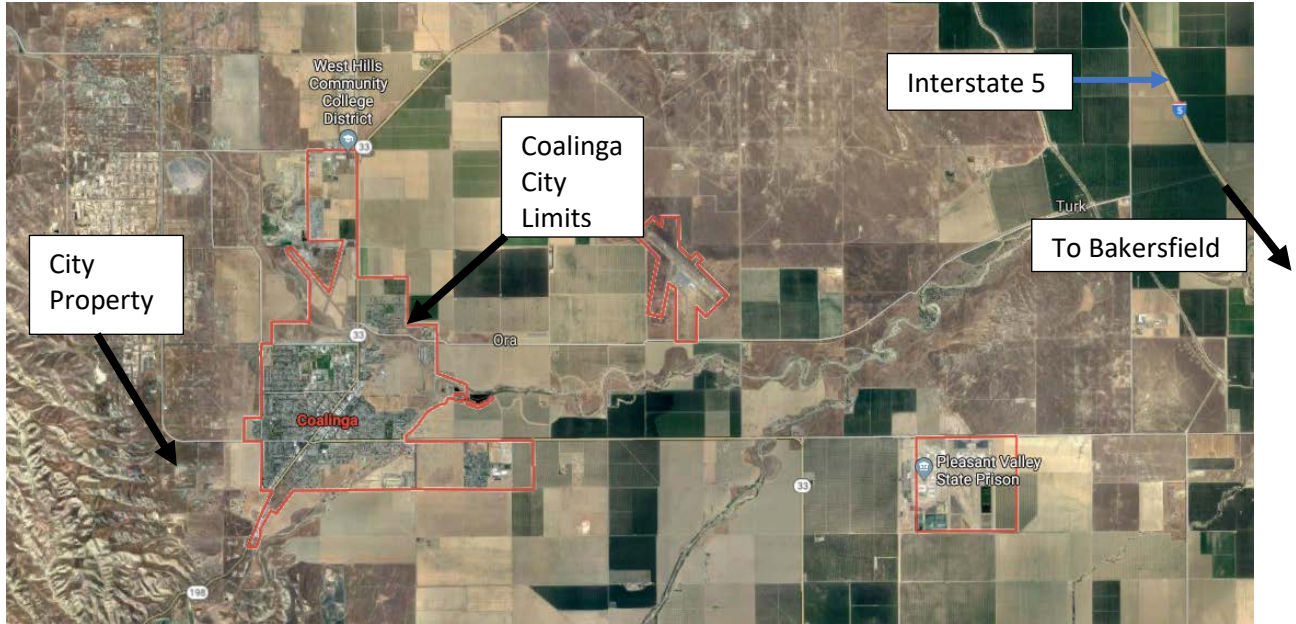
As has been the case with all net leasing revenues to date, the Recreation and Parks Department and Library Department will equally share the net proceeds of any sale. It is anticipated that total costs of sale will be approximately \$20,000 (brokerage commission, title and escrow fees, modest offset for debris removal costs of buyer, other administrative processing costs for closing of escrow), therefore each department can expect to receive \$75,000 in net proceeds upon the closing of escrow.

We respectfully request that this matter be assigned to either the Land Use and Transportation or Budget and Finance Committee of the Board for hearing. If you have any questions regarding this item, please contact me or John Updike of my staff.

Attachment (Map)

c: Naomi Kelly, City Administrator

40 acre city-owned parcel just west of Coalinga, CA is shown below.



Enlarged view of city-owned 40 acre parcel located just west of Coalinga, CA below.

