



Services of the San Francisco Public Utilities Commission

File #170052  
Received in Committee  
2/16/17  
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# **SFPUC Sale of Underutilized Property 401 & 403 Old Bernal Avenue, Pleasanton CA**

**February 16, 2017  
Budget and Finance Committee Hearing**

**Rosanna Russell, Real Estate Director  
San Francisco Public Utilities Commission**



## Underutilized Property

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- The SFPUC is selling underutilized property in order to offset costs for its capital improvement program.
- The SFPUC's Real Estate Services division (RES) has been working with the City's Real Estate Division (RED) to market and solicit bids for underutilized properties.
- RES has accepted offers for two properties, 401 & 403 Old Bernal Avenue, Pleasanton and the Helen Drive Lots, Millbrae



# 401 & 403 Old Bernal Avenue





## Property Description

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- **Location:** 401 & 403 Old Bernal Avenue, Pleasanton, CA (the “Property”).
- **Current Use:** Vacant Land
- **Size:** 3.18 acres (138,521 square feet)
- **Zoning:** P-Public





## 401 & 403 Old Bernal Avenue

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- The SFPUC acquired 401 & 403 Old Bernal Avenue, Pleasanton (the “Property”) in 1930.
- The Property was used for groundwater operations until 1949. The Property is the remaining portion of the Pleasanton Wells Property that was sold in 2000.
- On December 13, 2016, the SFPUC Commission declared the Property surplus to the SFPUC’s utility needs.



## Real Estate Broker Selection

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- On behalf of the SFPUC, RED issued a request for proposal for commercial real estate brokerage services.
- Of the bids received, RED selected Colliers International due to its compliance with the bid terms and low commission rate.
- Colliers International's commission rate is 2.75%.



## Compliance with Surplus Property Statutes

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- The SFPUC complied with the California Surplus Property Statute and the San Francisco Surplus Property Ordinance.
- On behalf of the SFPUC, RED issued statutory notices to all required public entities (CA Government Code § 54222 and 50079) and housing sponsors (California Government Code § 5422(a)).
- The SFPUC received no letters of interest from housing sponsors or public entities.



# General Plan Conformance and CEQA

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- **General Plan Conformance**
  - On November 6, 2016, the Planning Department found the sale of the Property consistent with the Eight Priority Policies of the Planning Code.
- **CEQA**
  - The SFPUC's Bureau of Environmental Management determined that the sale of the Property is not a project under CEQA.



# Fair Market Value Determination

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- Appraisal
  - On May 6, 2016 the Associated Right of Way Services, an MAI Appraiser, valued the Property at \$4,158,000.
- Appraisal Review
  - On January 12, 2017, CBRE, Inc. reviewed and confirmed the original appraisal valuation.
- The City of Pleasanton was the highest responsible bidder with a \$4.2 million bid.



## Bidding Process

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- Prior to soliciting formal bids, Colliers International (“Colliers”) prepared marketing materials, placed the Property on commercial real estate websites, and placed signage on the Property for approximately 25 weeks.
- Colliers called for offers between October 12, 2016 and October 27, 2016.
- Colliers received three bids. On November 7, 2016, the SFPUC notified the City of Pleasanton that it was the selected bidder.



# Purchase and Sale Agreement

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## Terms and Conditions

**Purchase Price:** \$4.2 Million

**Deposit Amount:** \$100,000

**Contingency Period:** 60 Days

The Pleasanton City Council approved the Purchase and Sale Agreement on December 20, 2016.





## Water Enterprise Revenue

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- The Property is an SFPUC wholesale water customer asset.
- The revenue from the sale will be used to support revenue-funded capital programs.
- The SFPUC will save approximately \$5,184 per year in maintenance costs and property taxes on the Property and will reduce its liability as property owner of a vacant lot.