

**CITY OF REDDING, CALIFORNIA
COUNCIL POLICY**

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Disposition of City-Owned Real Estate	94-142	1901	5-17-94	1 of 3

BACKGROUND

The City of Redding is the owner of real property which is used for various municipal purposes. As public service needs change, the requirements for these properties may be revised, and on occasion, certain parcels may be found to be in excess of the City's current need. When property is classified as surplus or excess property, disposing of that property to maximize the benefit to the tax payers is essential.

PURPOSE

It is the purpose of this policy to provide guidance for the disposition of City-owned excess or surplus real estate.

POLICY

It is the City's policy to manage its real estate assets, in accordance with Policy 1902, so that the municipal needs which rely on these assets may be properly implemented. Policy 1902 establishes the methods and processes by which properties are classified as excess or surplus. This policy provides guidance on the actual disposition of such property. All final decisions on the disposition of City-owned real estate is reserved to the City Council.

A. Determination on Value of Land

The City shall optimize the benefit of the disposition of City-owned excess or surplus real estate based on relevant factors including: (1) the value of the property based on an appraisal or brokers' opinion of value, as appropriate, which is no more than 6 months old at the time the sales agreement is presented to the City Council, except that an appraisal will not be needed on property that does not exceed \$10,000 in value; (2) prevailing economic conditions and recent applicable trends, and (3) any special benefits to accrue from the sale, lease or exchange.

B. Disposition

The City of Redding may use any of the following methods or combination thereof to maximize the benefit to the taxpayers. Disposition methods may include:

- Auction
- Negotiated Sale
- Exchange
- Lease
- Request for Proposal

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Discounts will not be negotiated unless an extraordinary need or circumstance is recognized by City Council resolution prior to negotiation, setting forth the amount of the discount and the justification for it. The purpose of this is to demonstrate to the community that the City is not making a gift of public assets.

Since it is generally not in the City's best interest for a property transaction to be negotiated in open session, pursuant to Section 54956.8 of the Government Code, the City Council may discuss either approval, disapproval, or continuation for further negotiation or study any recommendation regarding the disposition of City property in closed session. Any final action, however, shall occur in open session and shall disclose the revenue from any sale or lease and the appraised value of the property involved.

Referral to Other Agencies

Before selling any surplus property, the City must comply with Government Code 54220 et seq. and shall offer to sell surplus land to parks and recreation agencies or to local housing authorities as applicable.

Payment for City Surplus Property

Sales of real property shall be on an all cash basis or on such other terms that in the discretion of the City Council results in the optimum public benefit.

Use of Proceeds

Unless otherwise directed by the City Council, proceeds from sales or leases shall be assigned as follows:

1. To enterprise accounts if the property was purchased using rate-payer funds;
2. To the General Fund account established by Council Policy No. 407; or
3. To other accounts or funds as required by law.

Costs Associated with the Disposition of Property

Unless otherwise directed, the costs associated with the disposition of surplus properties shall be charged to the fund established by Council Policy No. 407. Funds for this purpose will be budgeted as part of the normal budgeting cycle. If the property is owned by an account other than the General Fund, the fund established by Council Policy 407 may be reimbursed for the costs associated with disposing of surplus or excess property by the account or accounts which own the property.

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C. Broker Representation

Generally, the City shall represent itself in real estate transactions; however, the City may from time to time authorize a brokerage agreement for the disposition of property. In such cases, the brokerage fee shall be as specified in the agreement between the City and the broker. The selection of a real estate broker to provide real estate services shall be subject to the City's adopted procurement procedures for professional services.

In certain instances when a broker is not under contract with the City, the City, in its sole discretion, may pay a real estate brokerage fee for qualified representation of a party leasing or purchasing City property ("broker participation"). In no case shall the broker participation exceed one-half of the generally accepted local brokerage fee for the type of property being leased or sold. When the amount of rental or purchase price offered are criteria for selecting a lessee or purchaser in competitive situations, the selection will be based on the highest net rental or net purchase price, without taking into account any brokerage fees involved in the competition/evaluation. When such broker participation is permitted by the City, it shall be subject to all of the following:

- the party represented by the broker shall provide written certification that the broker represents said party; and
- the broker shall provide written certification that broker is not an employee of said party; and
- the broker shall possess a valid California real estate broker license.

Amended September 6, 2005, by Resolution No. 2005-115

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