

March 8, 2005

**Honorable Mayor and Members of the  
Hermosa Beach City Council**

**Regular Meeting of  
March 22, 2005**

**SUBJECT: AWARD OF BID FOR SALE OF SURPLUS CITY PROPERTY --  
14<sup>TH</sup> STREET NEAR HERMOSA AVENUE (APN 4183-003-905)**

**Recommendation:**

That the City Council:

1. Accept the attached bid from Ms. Norma Navarro for sale of the surplus City-owned lot on 14<sup>th</sup> Street near Hermosa Avenue;
2. Authorize the City Manager to enter into a purchase agreement and escrow for the sale; and
3. Authorize the Mayor to sign the required conveyance documents.

**Background**

As previously reported to City Council, the City owned lot (Assessor Parcel No. 4183-003-905) on 14<sup>th</sup> Street behind the Beach Market is currently used for public parking and contains seven metered parking stalls. The lot is rectangular, with a frontage of 30 feet and an approximate area of 2,850 square feet (see attached map). The property is zoned "C2" (General Commercial), which allows commercial, office, and hotel uses but does not allow residences.

In accordance with Government Code Section 54222, the property was previously offered to other public agencies for development as affordable housing or for parks and recreation purposes. No responses were received from those agencies within the required 60-day offer period, which expired on December 28, 2004. Therefore, the City is now free to offer the property for sale on the open market.

On January 25, 2005, the City Council authorized the solicitation of bids for sale of the lot. Per that authorization, bids were solicited with a minimum bid amount of \$1 million and a closing date of February 17, 2005.

In authorizing the solicitation of bids, the following conditions were imposed on the sale and use of the property:

- Minimum bid shall be \$1 million;
- Zoning shall remain C2;
- If different bids are received which are of approximately equal dollar amounts, the City may favor the bidder who gives evidence of the ability to assemble adjacent property.

One bid was received by the closing date, from Norma Navarro in the amount of \$1million dollars. The bid was accompanied by a cashiers check for five percent of the bid amount, or \$50,000, as required by the bid specifications. Ms. Navarro is the owner of the four lots immediately west of the subject property. As stated in her bid letter (attached), Ms. Navarro intends to redevelop all of the lots with a new hotel and retail project.

**Analysis**

The bid amount matches the minimum bid set by the City Council for the property sale. The bid is also consistent with the City-commissioned appraisal of the property by Lea Associates. The appraisal report, dated September 30, 2004, estimated the fair market value of the lot at one million dollars. Staff is recommending acceptance of the bid for the following reasons:

1. The property is presently underutilized, accommodating only seven parking spaces;
2. The property can be better utilized for commercial development, especially if purchased by the bidder, who already owns the adjacent lots for coordinated redevelopment;
3. Development of the lot will further the City's downtown revitalization, especially if combined with the redevelopment of adjacent properties;
4. Proceeds from the sale of the lot could contribute to the funding of City projects.

Section 65402 of the California Government Code requires that, prior to a city's disposal of real property, the city's planning commission must provide a report to the city council as to the conformity of the "location, purpose and extent" of the disposed real property with the City's General Plan. On March 15, 2005, the Planning Commission considered the matter and confirmed that the proposed sale and potential use are in conformance with the General Plan pursuant to the requirements of the Government Code.

In view of the above, staff is recommending that the bid for purchase of the property be awarded to Ms. Navarro, that the City Manager be authorized to enter into a purchase agreement and escrow for the sale and that the Mayor be authorized to sign the required conveyance documents.

**Fiscal Impact:**

The sale proceeds for the City will be \$1 million less closing costs. As noted above, the proceeds from the sale can contribute to the funding of other City project

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Sol Blumenfeld, Director  
Community Development

Concur:

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Stephen R. Burrell,  
City Manager

Attachments:

1. Bid Letter from Norma Navarro
2. Property Maps

F:/b95/cd/Surplus Property Award of Bid