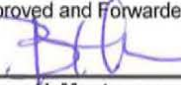




STAFF REPORT

Date: June 30, 2014
To: Bryan H. Montgomery, City Manager
From: Dwayne Dalman, Economic Development Manager

Approved and Forwarded to City Council:


Bryan H. Montgomery, City Manager

SUBJECT: Resolution accepting the bid from East Bay Workwear to purchase a portion of the undeveloped real property located at 1530-1580 Neroly Road, also known as Parcel 2 within the Neroly Commercial Center (APN 034-040-016)

Summary

The Neroly Commercial Center was approved in 2007 and anchored by the Diamond Hills Sports Club and Spa, which was developed on Parcel 1. In 2011, the City purchased the two remaining parcels in the Center to help facilitate the development of the site and the economic development goals for the City. The two parcels consisted of Parcel 3 (2.36 acres) and Parcel 2 (4.6 acres)

In April 2013, at the direction of the City Council, and pursuant to Title 2, Chapter 8 of the *Oakley Municipal Code*, staff released an Invitation to Bid for Parcel 3 within the center. A bid was received and accepted from Seeker Development to purchase part of the site to develop a 10,000 square foot child care facility with associated play area. On June 10, 2014 the Oakley City Council approved the Tentative Parcel Map, Conditional Use Permit and Design Review for the project, which is scheduled to start construction this summer.

On May 23, 2014 staff released an Invitation to Bid for Parcel 2 within the Neroly Commercial Center, located at 1530-1580 Neroly Road. On June 17, 2014, the City Clerk opened publicly the sole bid package received, which is from Glenn & Robin Moffatt of East Bay Workwear. No oral bids were received.

Glenn & Robin Moffatt propose to purchase the southern portion of the parcel, (24,960 square feet) as shown on Exhibit A, for \$170,000 or approximately \$6.81 per square foot. This price corresponds to the assessed value of the property as determined by the County Assessor. Their response to the Invitation to Bid indicates that they will develop a 6,000 square foot building with associated parking. They anticipate that East Bay Workwear will occupy approximately 4,000 square feet of the building and the additional 2,000 square feet will be rented out to undetermined tenants. (Economic Development staff will work with the Moffatt's to identify potential tenants to fill the additional 2,000 square feet and have already identified parties that have shown an interest in expanding into Oakley).

If this resolution is adopted, a formal Purchase and Sales Agreement or Disposition and Development Agreement will be brought back to the City Council Meeting for consideration.

Background

The Invitation to Bid for Parcel 2 was posted as a public notice in the local newspaper, placed on the City's website and emailed to commercial real estate brokers and developers. Concurrent to the publication of the Invitation to Bid, Staff notified nearby public agencies in accordance with Government Code Section 54220 of the property being deemed as "surplus."

The sole bid from Glenn & Robin Moffatt of East Bay Workwear includes is for \$170,000, which corresponds to the assessed value of the property. The bid submittal explains that with total costs of the project, including land, of approximately \$1,000,000, the Moffatt's have estimated a return on their investment of approximately 5%. They explained that this is a sufficient return for this project, but does not allow them to pay a higher price for the land.

East Bay Workwear (www.eastbayworkwear) was founded by Glenn & Robin Moffatt and is located in Concord. The company sells a variety of work wear attire and accessories ranging from men's work boots to medical scrubs. Accessories include gloves, hats, socks and belts. For work wear, the company sells shorts, pants, jackets, safety equipment and more. They carry brands such as Dickey, Den Davis, Carhartt, Timberland, Wolverine and Wrangler.

The Moffatt's noted in their submittal that the offer is contingent upon the City of Oakley completing a parcel map of the site to create a separate parcel for them to purchase and build upon. The remaining Parcel 2 land would remain vacant and ready for development and/or future solicitations for bid.

Prior to founding East Bay Workwear, Glenn Moffatt worked in the auto body business and operated Glenn's Auto Body in Antioch for a number of years. The Moffatt's purchased land and built the building that housed their business. The Moffatt's are also the majority owners and managing partners of a multi-tenant building located on the Stockton waterfront and a number of other commercial and residential properties. As illustrated above, the Moffatts have experience not only operating their business, but also building and managing commercial properties.

Fiscal Impact

The City will realize \$170,000 in sales proceeds as revenue to the General Fund. In addition, it is anticipated that the new development will provide a catalyst to stimulate further development in the center. The improvements to the parcel are anticipated to be valued at approximately \$1.0 million. With these improvements, there will be an increase in property tax revenue of \$10,000 per year. The new work wear store and the additional tenant(s) will generate additional sales tax to the City as well as provide local employment opportunities.

Recommendation

Staff recommends that the Council adopt the resolution approving the sale of 24,960 square feet of Parcel 2 within the Neroly Commercial Center (APN 034-040-016) to Glenn & Robin Moffatt for the purposes of constructing a 6,000 square foot commercial building to house a 4,000 square foot East Bay Workwear space and 2,000 square feet of retail/commercial space for lease.

Attachment

1. Exhibit A Map
2. Invitation to Bid packet
3. Glenn & Robin Moffatt Response to Invitation to Bid
4. Resolution



Moffatt Bid

Scale 1:2,298
Contra Costa Internet GIS Map
Printed: Jun 17, 2014 11:08:38 AM





INVITATION TO BID
for the real property located at

1530-1580 Neroly Road
Oakley, California 94561
(APN 034-040-016)

INVITATION TO BID

The City of Oakley invites sealed bids for the purchase of real property located at 1530-1580 Neroly Road in Oakley, Contra Costa County, California (APN 034-040-016) adjacent to the Diamond Hills Sports Club. The property includes 4.618 acres and is designated for commercial use. ***Bids may be for all or part of the parcel.***

The bid packet can be obtained by emailing Dwayne Dalman, Economic Development Manager , at dalman@ci.oakley.ca.us

Bids must be received at 3231 Main Street, Oakley, CA 94561 **no later than 2:00 pm. June 17, 2014,** at which time they will be opened publicly by the City Clerk.

The City of Oakley, at its sole discretion, reserves the right to reject any and all bids.

DESCRIPTION OF THE PROPERTY

The City of Oakley offers for purchase up to 4.618 acres located at 1530-1580 Neroly Road, north of the Diamond Hills Sports Club and Spa, in Oakley, Contra Costa County, California. The subject property is identified in the Contra Costa County Tax Assessor's Records as APN 034-040-016 (see Exhibit "A").

Site improvements

The vacant parcel is a part of the Neroly Commercial Center site that has adjacent frontage improvements including curb, gutter, sidewalk and landscaping improvements on the west, north and east sides. The southern portion of the property has some asphalt parking and storm drainage improvements (see Exhibit "B" for water, sewer and storm drain information). A site visit to the property is strongly encouraged.

Utilities

All utilities and services including water, sewer, electricity, natural gas, and telephone are available on or adjacent to the site (see Exhibit "C"). Coordination with the specific utilities is recommended to determine what final connections, extensions and development fees would be required for the bidder's project.

Zoning

The parcel is within a P-1 Planned Unit Development (The Neroly Commercial Center) with the uses conditioned to follow the "commercial" regulations of the zoning code. At the time of approval of the Commercial Center, the Retail Business (RB) District was considered the "best fit" commercial district and the RB District regulations can be found at the following link:

<http://www.codepublishing.com/CA/Oakley/html/Oakley09/Oakley091.html#9.1>.

SPECIAL CONDITIONS

1. The subject property will be sold "as is."
2. Sale of less than the entire parcel will require a parcel map or lot line adjustment to create a separate parcel for the subject property and this work must be done at Buyers' expense.
3. The City will pay no broker's fee, finder's fee, commission, or other compensation to any party claiming to counsel or represent any proposer regarding the sale of the subject property or consummation of the lease hereinafter described.
4. No representations will or have been made by the City that the subject property meets all the ordinances, regulations or laws governing bidders' proposed development of the property.
5. Any use of the subject property will be in compliance with all relevant laws and regulations, including Title VI of the Federal Civil Right Act of 1964, as amended, i.e., without discrimination as to race, color, or national origin.
6. No billboard, sign, or other outdoor advertising devices shall be erected upon the subject property other than those indicting ownership or on-premise advertising and shall be subject to reasonable restrictions with respect to number, size, location, and design by regulation of the City of Oakley, subject to local zoning ordinances.
7. Any public utilities or municipalities having facilities under, over, or through the subject property as of the date of its conveyance to the selected bidder shall have the right and easement to continue to maintain, operate, and renew their facilities within the subject property.
8. Any use is subject to the Covenants, Conditions and Restrictions document recorded November 14, 2007 as Instrument No. 2007-314770 of Official Records in Contra Costa County.
9. This invitation to Bid is based upon the requirements of Title 2 Article 8 of the Oakley Municipal Code.
10. Sale of this property is subject to and contingent upon the execution of a Purchase Agreement with the City of Oakley.
11. Eventual owner of the property will be subject to common area maintenance (CAM) charges that include the upkeep and maintenance of the parking lot, landscaping and lighting.
12. The development plan proposed in the winning bid must be substantially complete within 18 months of closing on the property.

INSTRUCTIONS TO BIDDERS

General

Sealed bids will be accepted no later than **2:00 pm. on June 17, 2014**. Emailed or faxed bids will not be accepted. All bids must be delivered in a sealed envelope and clearly marked as follows:

City of Oakley
Attn: Dwayne Dalman
3231 Main Street, Oakley, CA 94561
Invitation to Bid: "Neroly Commerical Center, Parcel 2"

While no minimum bid is set forth, the Contra Costa County Assessor has valued the land at approximately one million three hundred seventy five thousand, nine hundred twenty nine dollars (\$1,375,929), which is believed to be considerably below market value due to its location and the existing improvements. It should be noted that if a bid is for only a portion of the parcel, the location of the desired portion would justify a higher per square foot bid than if the entire parcel is purchased. **The City reserves the right to reject any and all bids and for any reason.**

Bid Surety and Closing

The bid must be accompanied by the enclosed Offer to Purchase form, duly executed, and a cashier's or certified check in the amount of Ten Thousand Dollars (\$10,000) made payable to the "City of Oakley" as a good faith deposit to be credited towards the final purchase price. This check will be forfeited if the winning bidder fails to execute a Purchase and Sales Agreement with the City of Oakley within sixty (60) days from the date the winning bidder is notified in writing that the bid was accepted by the City Council. Should the City Council reject the bids, the bidders' deposit checks will be promptly returned.

Development Plans and Timeline for Improvements

In addition to the proposed purchase price, the City shall evaluate and consider the bid and proposal that best meets the City's desire for a successful, attractive development at the property after the sale. The purpose of this sale is not for buyers' land speculation, but for some near-term (within 18 months) vertical development. Restated, the City Council intends on awarding a contract to the bidder with the highest price offered but also one that submits a conceptual development plan that closest meets the City's expectations of quality economic development.

Questions and Information

Questions must be submitted by email to dalman@ci.oakley.ca.us by June 3, 2014. Responses will be distributed to those who requested bid packets by June 10, 2014.

OFFER OF PURCHASE FORM

On this date and in accordance with the terms and conditions set forth in the Invitation to Bid, this offer is submitted to purchase all or a portion of the real property known as APN 034-040-016 located at 1530-1580 Neroly Road in Oakley, Contra Costa County, California, which is approximately 201,160 square feet or 4.618 acres.

Purchase Amount	
Written Amount	
Square Footage of Proposed purchase	

Also, as required by the terms of the offering, a bid surety in the amount of Ten Thousand Dollars (\$10,000) in the form of a cashier's or certified check made payable to "The City of Oakley" is enclosed.

REQUIRED: Attach to this form a description of no more than five (5) pages that details what your conceptual plans are to further develop the property and that outlines a timeline for those improvements. You may include company information and references and any other information that demonstrate your capacity to successfully complete your development proposal.

This offer is made and surety submitted on behalf of:

Proposers Name _____
Business Name _____
Address _____
City, State, Zip Code _____
Telephone Number _____
Email Address _____

Signature Printed Name

Signature Printed Name

WITNESS

Signature Printed Name

EXHIBIT A
PROPERTY DESCRIPTION

Real property in the City of Oakley, County of Contra Costa, State of California, described as follows:

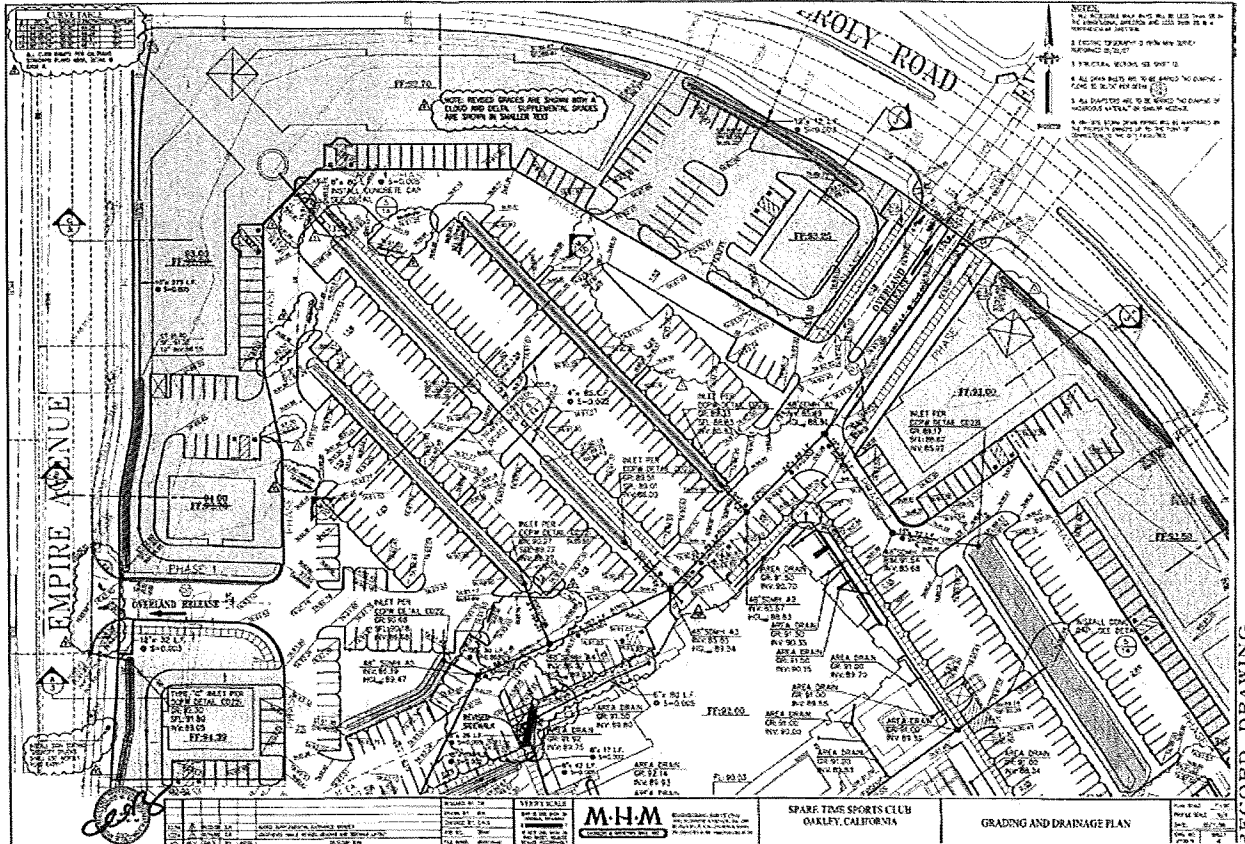
PARCEL 2 IS THE 4.618 ACRE PARCEL AS SHOWN ON THE PARCEL MAP MS 507-96, FILED NOVEMBER 14, 2007, IN BOOK 201 OF PARCEL MAPS PAGE 28, CONTRA COSTA COUNTY RECORDS.

EXCEPTING THEREFROM ALL OIL, GAS AND MINERALS RIGHTS 500 FEET BELOW THE SURFACE OF THE PROPERTY, WHICH RIGHTS ARE RESERVED BY APRICOT LAND COMPANY, A CALIFORNIA GENERAL PARTNERSHIP AND SHALL EXCLUDE THE RIGHT OF SURFACE ENTRY AS RESERVED IN DEED RECORDED DECEMBER 28, 2004 AS INSTRUMENT NO. 2004-0497318 OFFICIAL RECORDS.

APN: 034-040-016

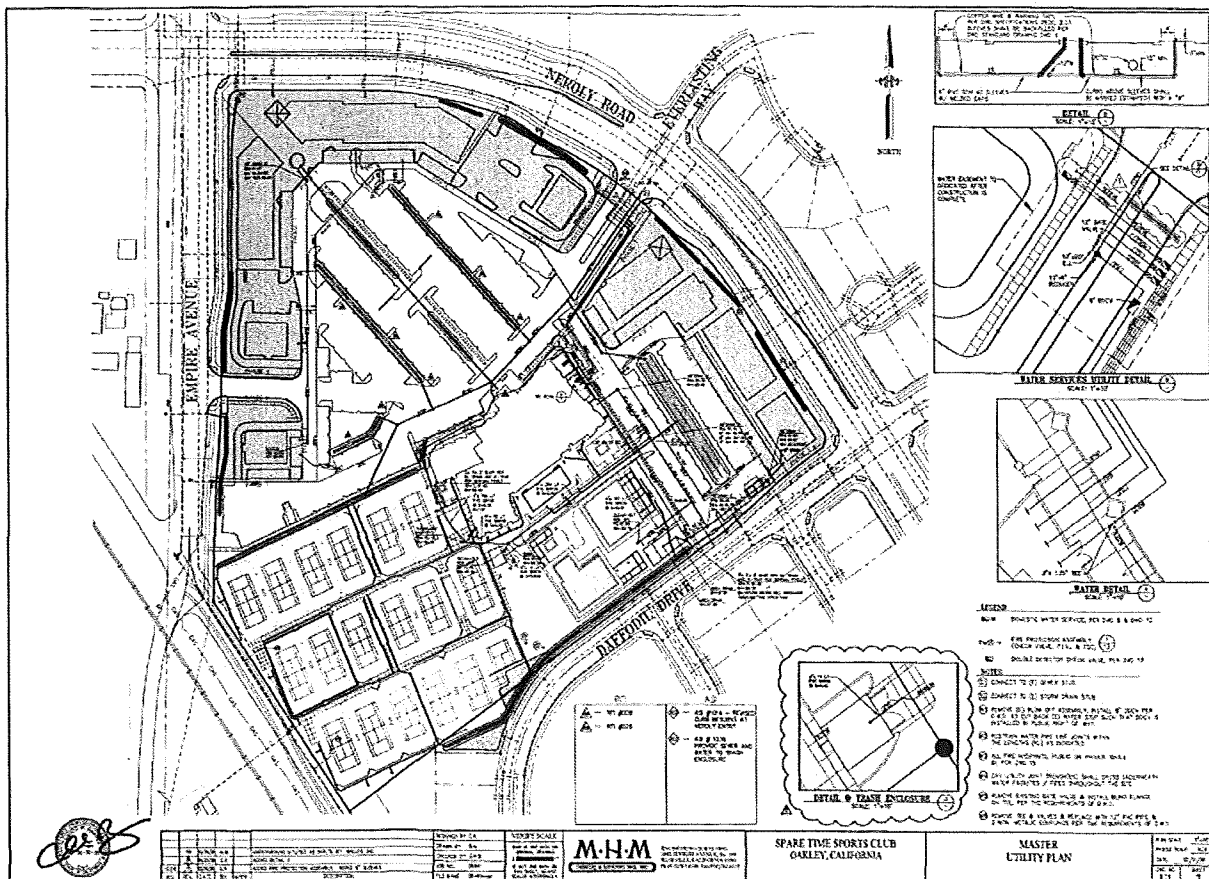


EXHIBIT B WATER, SEWER AND STORM DRAIN INFORMATION



RECORD DRAWING

EXHIBIT C UTILITIES



RECORD DRAWING

OFFER OF PURCHASE FORM

On this date and in accordance with the terms and conditions set forth in the Invitation to Bid, this offer is submitted to purchase all or a portion of the real property known as APN 034-040-016 located at 1530-1580 Neroly Road in Oakley, Contra Costa County, California, which is approximately 201,160 square feet or 4.618 acres.


Purchase Amount	
Written Amount	\$170,000 ⁰⁰
Square Footage of Proposed purchase	24,960 Including Existing Parking lot

Also, as required by the terms of the offering, a bid surety in the amount of Ten Thousand Dollars (\$10,000) in the form of a cashier's or certified check made payable to "The City of Oakley" is enclosed.

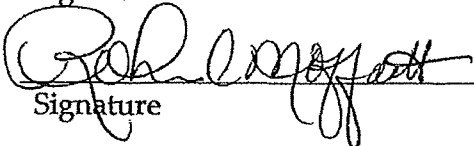
REQUIRED: Attach to this form a description of no more than five (5) pages that details what your plans are to further develop the property and that outlines a timeline for those improvements. You may include company information and references and any other information that demonstrate your capacity to successfully complete your development proposal.

This offer is made and surety submitted on behalf of:

Proposers Name Glenn & Robin Moffatt
 Business Name Eastbay Workwear
 Address 3333 Tabora Dr.
 City, State, Zip Code Antioch Ca. 94509
 Telephone Number 925-778-1922
 Email Address rmoffatt@comcast.net.


 Signature

Glenn Moffatt
 Printed Name


 Signature

ROBIN A. Moffatt
 Printed Name

WITNESS

 Signature

 Printed Name

RESOLUTION NO. _____

RESOLUTION ACCEPTING THE BID FROM GLENN & ROBIN MOFFATT (EASTBAY WORKWEAR) TO PURCHASE A PORTION OF THE UNDEVELOPED REAL PROPERTY LOCATED AT 1530-1580 NEROLY ROAD, ALSO KNOWN AS PARCEL 2 WITHIN THE NEROLY COMMERCIAL CENTER (APN 034-040-016)

WHEREAS, the City is the owner of the real property located at 1530-1580 Neroly Road, also known as Parcel 2 of the Neroly Commercial Center (APN 034-040-016 and hereinafter called "the Property"), and

WHEREAS, on April 23, 2013 the City Council declared the property surplus and approved the publication of an Invitation to Bid so interested parties could competitively submit proposals to purchase and develop the property; and

WHEREAS, on June 17, 2014, the date and time for bids to be received, one bid was received from Glenn & Robin Moffatt (hereinafter called East Bay Workwear): and

WHEREAS, East Bay Workwear has proposed to purchase approximately 24,960 square feet of the property for the purposes of developing a commercial building to house a second location for East Bay Workwear and an additional 2,000 square feet of retail/commercial space; and

WHEREAS, the City Council acknowledges a need for quality retail/commercial development of the Neroly Commercial Center; and

WHEREAS, after careful consideration, the City Council has determined this proposal from East Bay Workwear is in the best interests of the community.

NOW, THEREFORE BE IT RESOLVED, that by adoption of this Resolution, the Oakley City Council hereby accepts the bid from East Bay Workwear to purchase a portion of the undeveloped real property located at 1530-1580 Neroly Road, also known as Parcel 2 within the Neroly Commercial Center (APN 034-040-016).

PASSED AND ADOPTED by the City Council of the City of Oakley at a meeting held on the 30th of June, 2014 by the following vote:

AYES:
NOES:
ABSENT:
ABSTENTIONS:

APPROVED:

Kevin Romick, Mayor

ATTEST:

Libby Vreonis, City Clerk

Date