



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 25, 2025

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 2
DEPARTMENT

SUBJECT: RESOLUTION TO DECLARE AS EXEMPT SURPLUS CITY-OWNED LAND, APPROXIMATELY 8,948 SQUARE FEET, BEARING ASSESSOR'S PARCEL NUMBER 251-040-035, FORMERLY KNOWN AS THE SUGARLOAF BOOSTER STATION, AND AUTHORIZE THE MARKETING AND SALE OF THIS PROPERTY PURSUANT TO ASSEMBLY BILL 1486 AND THE CITY'S ADMINISTRATION MANUAL SECTION 08.003.00 FOR THE DISPOSITION AND SALE OF CITY-OWNED REAL PROPERTY

ISSUE:

Adopt a resolution to declare as exempt surplus City-owned land, approximately 8,948 square feet, bearing Assessor's Parcel Number 251-040-035, formerly known as the Sugarloaf Booster Station, and authorize the marketing and sale of this property pursuant to Assembly Bill 1486 and in accordance with the City's Administrative Manual Section 08.003.00 for the Disposition and Sale of City-owned Real Property.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution (Attachment 1) to declare as exempt surplus City-owned land, approximately 8,948 square feet, formerly known as the Sugarloaf Booster Station, bearing Assessor's Parcel Numbers 251-040-035 (Property);
2. Authorize the marketing and sale of the Property at fair market value pursuant to Assembly Bill 1486 and in accordance with the City's Administrative Manual 08.003.00 for the Disposition and Sale of City-owned Real Property; and
3. Authorize the City Manager, or his designee, to execute any documents necessary to effectuate this transaction.

BOARD RECOMMENDATION:

On January 27, 2025, the Board of Public Utilities heard this item for consideration and recommended the City Council to declare as exempt surplus vacant City-owned parcels located near the intersection of Spruce Street and Cloudcrest Way, formerly known as the Sugarloaf Booster Station.

BACKGROUND:

Originally enacted in 1968, the Surplus Land Act requires all local agencies to prioritize affordable housing when disposing of land. In 2014, the Surplus Land Act was amended to define what constitutes as a qualified proposal, prioritize proposals to encourage the most housing units at the deepest affordability, and provide more realistic timeframes to make and negotiate offers. State Assembly Bill 1486 (AB 1486) was adopted on October 9, 2019 and required public agencies to notify the State's Housing and Community Development Department (HCD) of the availability of surplus land for potential housing development.

On October 11, 2023, Senate Bill 747 amended the Surplus Land Act to allow a property to be declared "exempt surplus property" if that property is less than one-half acre in area and is not contiguous to land owned by a state or local agency that is used for open-space or low- and is for moderate-income housing purposes. On December 16, 2024, Housing and Community Development (HCD) confirmed the parcel qualifies as "exempt" surplus land.

DISCUSSION:

The Board of Public Utilities reviews sites, equipment and practices to ensure operations, equipment and other factors are meeting or exceeding needs. On January 9, 2023, the Board of Public Utilities considered several stations that are not functioning and serving the needs and purpose. One of those considered was the Sugarloaf Booster Station.

The Sugarloaf Station is located at 621 Spruce Street, near the intersection of Spruce Street and Cloudcrest Way and is approximately 8,948 square feet in size.



The property is zoned R-1-7000 (Single Family Residential) and has a General Plan designation as Residential Medium Density (RMD).

The Sugarloaf Booster Station was originally built in 1968 and supplied water to the Blaine 1300 Pressure Zone. Of the six pumps originally installed, only one remains in operation. Additionally, the Booster Station has experienced several leaks over the years and many of the components and equipment are well beyond their useful service life and replacement parts are no longer manufactured or available.

The Board of Public Utilities considered replacing the aged-out Sugarloaf Booster Station with a new Pressure Reducing Station eliminating the ongoing operation and maintenance costs and improving service. Work Order 2116992, approved this conversion project and eliminated the need for the Sugarloaf Booster Station.

The property includes a concrete block structure and two driveway pads which were used for access to the Sugarloaf Station. The City will reserve 843 square feet of the front of the property for a permanent easement. This easement will be used for the new Pressure Reducing Station. The property is being sold in “as is” condition with the dedicated easement. An appraisal was conducted and prepared by an independent third party for this property and concluded the fair market value is \$110,000.

The basic terms for the future sale agreement will include a 120-day escrow period in which the prospective buyer has 45 days to perform their due diligence including the review of the condition of the Property. The future buyer will be responsible for removing and/or capping any remaining equipment as required by the Public Utility prior to any development. And finally, the prospective buyers will be responsible for all recording fees, document transfer taxes, the cost of buyer’s Title Policy premium and all fees and costs associated with the escrow.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Plan Priority No. 5 – High Performing Government, specifically Goal 5.4:** Achieving and maintaining financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

The item also aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The City is transparent and makes decisions based on sound policy, inclusive community engagement, involvement of City Boards and Commissions, and timely and reliable information. AB 1486 establishes guidelines for the disposition of all City property that serves the public interest, benefits the City’s diverse population, and results in the greater public good.
2. **Equity** – The City is supportive of racial, ethnic, religious, sexual orientation, identity, geographic, and other attributes of diversity and is committed to advancing the fairness of treatment, recognition of rights, and equitable distribution of services. AB 1486 may require notification of public agencies and affordable housing developers; this ensures the surplus process is continuously fair and equitable.
3. **Fiscal Responsibility** – The City is a prudent steward of public funds. The Surplus Land Act ensures responsible management and disposition of the City’s financial resources in a manner consistent with the prudent stewardship of public funds while facilitating beneficial investment in the City of Riverside.
4. **Innovation** – The City is inventive and timely in meeting the community’s changing needs. Direction from the Board of Public Utilities and City Council to move forward with the disposition and sale of the Property is consistent with the community’s changing needs and prepares for the future through adaptive processes.
5. **Sustainability & Resiliency** – The City is committed to meeting the needs of the present without compromising the needs of the future. The Surplus Land Act sets standards for the disposition of property that encourages equitable housing solutions to meet the needs of the future and ensures the City’s capacity to preserve, adapt and grow.

FISCAL IMPACT:

The estimated fiscal impact is currently unknown. There are sufficient funds available in the Water Fund, Public Utilities Water Engineering, Professional Services/Internal account number 621000-421001 for costs associated with the sale of this site, which will be offset with the proceeds from the disposition of the vacant land. Revenue collected for the sale of the land will be deposited in the Water Fund, Sale of Land and Buildings account number 0000520-380010.

Prepared by:	Ron Duran, Real Property Agent
Approved by:	Jennifer Lilley, Community & Economic Development Director
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Mike Futrell, City Manager
Approved as to form:	Jack Liu, Interim City Attorney

Attachments:

1. Resolution
2. Presentation