

BOARD RECOMMENDATION:

On June 26, 2023, the Board of Public Utilities will hear this item to consider a recommendation to City Council to declare as exempt surplus vacant City-owned land located on the southwesterly corner of Misty Ridge Drive and Mitchell Avenue, formerly known as the Mitchell Booster Station, bearing Assessor's Parcel Number 154-391-011 and adopt a resolution for a portion of the property to be converted to public right-of-way.

If the Board of Public Utilities recommend approval, City Council will consider the item at the July 18, 2023, Council meeting.

BACKGROUND:

Originally enacted in 1968, the Surplus Land Act requires all local agencies to prioritize affordable housing when disposing of surplus land.

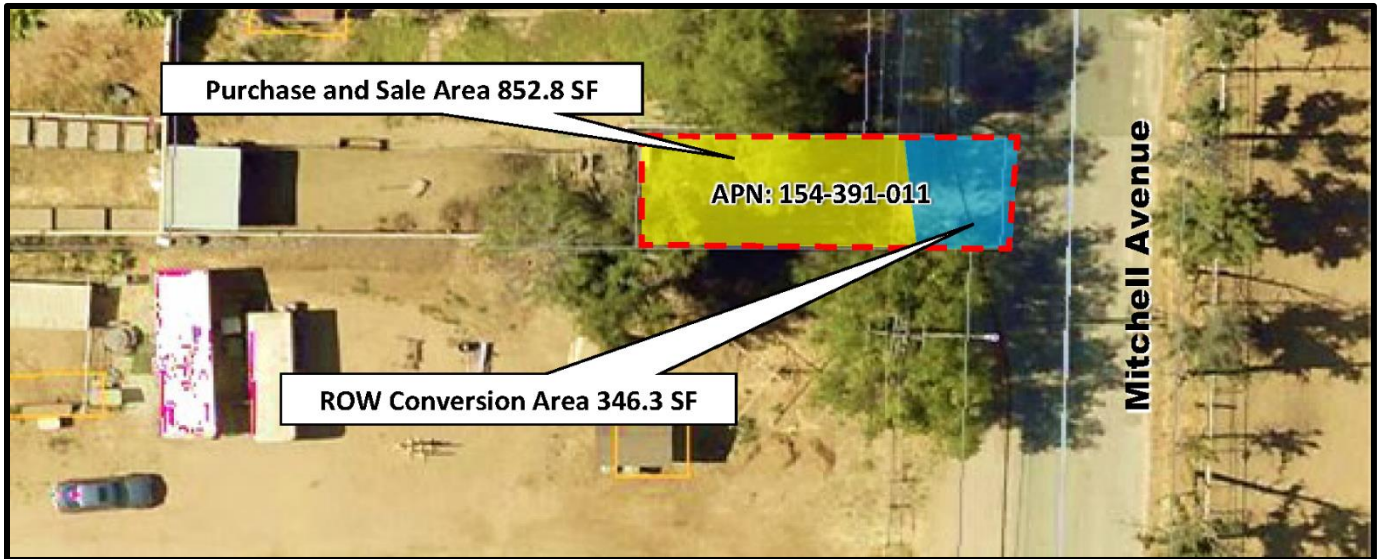
The City of Riverside took over the Southwest Water Company (Southwest) in 1973, along with its properties and assets primarily situated in the western region of the city. Among Southwest's assets was a small piece of land designated for a future development known as the Mitchell Booster Station.

In 2014, the Surplus Land Act was amended to define a qualified proposal, prioritize proposals that encourage the most units at the deepest affordability, and provide more realistic timeframes to make and negotiate offers. On October 9, 2019, State Assembly Bill 1486 (AB 1486) was adopted and requires public agencies to follow the Surplus Property Law, Government Code 54220 et. seq., for disposing of surplus property.

Pursuant to Government Code Section 54221(e)(2), if: 1) the lot size is less than 5,000 square feet, or less than the minimum legal building lot size for the jurisdiction in which the parcel is located; and 2) the vacated portion of excess right-of-way is not required for street or highway purposes, the subject property may be declared exempt surplus land and sold to an owner of contiguous land. In this case, the subject property is City-owned, under 5,000 square feet, and has been determined no longer necessary for the City's use.

DISCUSSION:

The property is no longer being utilized for its original purpose as a booster station. It is situated between two contiguous parcels that would only benefit either of the two property owners as an extension of their property. The total property contains approximately 1,199.1 square feet, is zoned Rural Residential (RR) with a General Plan designation of Semi-Rural Residential and is identified as Assessor's Parcel Number 154-391-011. A portion of the vacant land is needed for street and sidewalk purposes. As such, staff recommends the adoption of a resolution for the conversion of approximately 346.3 square feet for public right-of-way. The aerial below depicts the area to be sold (highlighted in yellow) and the area to be retained for the right-of-way conversion (highlighted in blue).



A waiver valuation was used to determine the value of the property based on the size and zoning of the parcel. Staff concluded to a value of \$4,213 for the property in its as-is condition. Since the square footage of the property is less than 10,000, per Government Codes 37350 and 37351, the City is not required to follow the guidelines contained in the City Administrative Manual Section 08.003.00, Disposition and Sale of City-Owned Real Property, and will not be subject to the requirements of Assembly Bill 1486. Notification was sent to the two adjacent parcel owners regarding the possible sale of the property. Salvador Garcia and Nancy Garcia Mendez responded and accepted the purchase price of \$4,213 and terms of the Agreement.

The basic term of the agreement provides for a 120-day escrow in which the Buyer shall have a 45-day due diligence period to review the physical and environmental conditions of the property and any other matters affecting the Property. Per the Agreement, the Buyer will be responsible for all costs and half of the escrow fees associated with this transaction. There are no broker fees. Also, a Covenant and Agreement and Declaration of Restrictions to Hold Property as One has been incorporated into the Agreement stating that the Buyer cannot sell the property separate from buyer's adjacent property, which the Buyer acknowledges. As such, a lot merger must be completed after the close of escrow.

Riverside Public Utilities confirmed that this property is no longer needed for their purposes and the Utilities General Manager concurs with the recommendations in this report.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 – High Performing Government** and **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.**

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

1. **Community Trust** – The City negotiated this transaction with transparency and in good faith. Approving the Purchase and Sale Agreement in an open meeting demonstrates that the City is transparent and committed to community trust and makes decisions that serve the public interest.

2. **Equity** – The City demonstrates its commitment to ensuring that all community members have equal access to the benefits of the proposed transaction by ensuring that the subject property is maintained, and its value maximized which is necessary to promote growth and provide equitable economic benefits throughout the immediate area.
3. **Fiscal Responsibility** – The Property is currently vacant and underutilized. The disposition of the property ensures the responsible management of the City’s financial resources in a manner consistent with prudent stewardship while facilitating beneficial investment in the city of Riverside.
4. **Innovation** – Declaring the subject property as exempt surplus demonstrates that the City is creative and timely in meeting the community's changing needs and prepares for the future through collaborative partnerships and adaptive processes.
5. **Sustainability & Resiliency** – Declaring the property as exempt surplus ensures present and future reliability, resiliency, and sustainability for this City-owned property.

FISCAL IMPACT:

The total fiscal impact of this action is approximately \$4,213. The subject property is City-owned and is being sold for \$4,213 less all title, escrow, and miscellaneous related closing costs for a total not to exceed \$1,000. The estimated net proceeds from the sale in the amount of \$3,213 shall be deposited into the Water Fund, Riverside Public Utilities – Sales of Land & Buildings revenue account number 0000520-380010.

Prepared by: Jennifer A. Lilley, AICP, Community & Economic Development Director
Certifies availability of funds: Edward Enriquez, Assistant City Manager/Chief Financial Officer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Purchase and Sale Agreement
2. Resolution
3. Presentation