

BACKGROUND:

On December 28, 1961, the City of Riverside entered into a Waterworks System Acquisition Agreement with the La Granada Water Company, a California corporation, allowing La Granada Water Company to substantially sell all of its assets to the City, which included both the Army 1 Well and the La Granada Booster Station which contains the Army 3 Well and the Iselin 1 & 2 Wells.

Since the late sixties to early 1970s, the wells and booster station have remained dormant and are no longer in operation. In 2022, some of the equipment and electrical facilities were removed with the well pumps and casings remaining.

Originally enacted in 1968, the Surplus Land Act requires all local agencies to prioritize affordable housing when disposing of surplus land.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. On October 9, 2019, State Assembly Bill 1486 (AB 1486) was adopted and required public agencies to notify the State's Housing and Community Development Department of the availability of surplus land for potential housing development.

On October 11, 2023, further amendments were approved including Senate Bill 747, Government Code Section 54221 (f)(1)(B)(2) which states that a property may be declared "exempt surplus property" if the 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 moderate-income housing purposes.

Staff confirmed with City's Housing Authority that both parcels located in Census Tract 315.02 Block Group 5, qualify as "exempt" surplus. Upon preliminary review, Housing and Community Development (HCD), also confirmed both parcels fit the "exempt" surplus criteria.

DISCUSSION:

Each property contains approximately 13,200 square feet, are zoned R-1-7000 (Single Family Residential) and have a General Plan designation as Medium Density Residential. As previously stated, Public Utilities Water Division discontinued its use of the La Granada Booster Station and wells. The City's properties are outlined in dashed yellow lines below. Per Senate Bill 747, both parcels have been determined and approved by HCD to be surplus because they are less than one-half acre in area and are not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes.

An appraisal, prepared by an independent third party, concluded the fair market value of the Property as \$198,000 for each parcel based on size and zoning. As such, the City is required to follow the guidelines contained in the City Administrative Manual Section Number 08.003.00, "Disposition and Sale of City-Owned Real Property" and will be subject to the requirements of Assembly Bill 1486.



The basic terms of any future agreement provide for a 120-day escrow period in which the prospective buyer has 45 days to perform their due diligence of reviewing the condition of the Properties and any other matters affecting the Properties along with their funding documentation. 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.

The Property is being sold in its "as is" condition. It is a requirement for the buyer to remove or cap off the equipment prior to any development.

The Interim Utilities General Manager concurs with the recommendations in this report.

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 requires 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 the 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 fiscal impact is currently unknown. Preliminary valuations of the land are approximately \$198,000 per parcel of land and closing costs should not exceed \$10,000 per parcel. Proceeds collected from the land sales, less applicable closing costs, will be deposited in the Water Fund, Sale of Land and Buildings revenue account number 0000520-380010.

Prepared by:	Ron Duran, Real Property Agent
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Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

- Attachments:
- 1. Resolution
 - 2. Presentation