



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: SEPTEMBER 13, 2021

SUBJECT: PURCHASE AND SALE AGREEMENT WITH ANDREW M. BODEWIN AND CATHRYN E. BODEWIN FOR THE SALE OF APPROXIMATELY 0.51 ACRES OF CITY-OWNED VACANT LAND LOCATED AT 7270 BODEWIN COURT, IDENTIFIED AS ASSESSORS PARCEL NUMBER 243-460-018, FOR THE SALE PRICE OF \$105,000

ISSUE:

Consider approving a Purchase and Sale Agreement with Andrew M. Bodewin and Cathryn E. Bodewin for approximately 0.51 acres of City-owned vacant land located at 7270 Bodewin Court, for the sale price of \$105,000.

RECOMMENDATIONS:

That the Board of Public Utilities recommend that the City Council:

1. Approve a Purchase and Sale Agreement with Andrew M. Bodewin and Cathryn E. Bodewin for the sale of approximately 0.51 acres of City-owned vacant land, located at 7270 Bodewin Court, identified as Assessor's Parcel Number 243-460-018, for the sale price of \$105,000 less all related title, escrow, and miscellaneous closing costs estimated not-to-exceed \$5,000; and
2. Recommend that City Council authorize the City Manager, or his designee, to execute the Purchase and Sale Agreement, including making minor non-substantive changes, and to sign all documents necessary to complete the transaction.

BACKGROUND:

On September 28, 2020, the Board of Public Utilities recommended that the City Council approve the surplus declaration of approximately 0.51 acres of City-owned vacant land in its as-is condition located at 7270 Bodewin Court bearing Assessor's Parcel Number 243-460-018 (Property), formerly known as the Whitegates I Reservoir (Reservoir).

The Property was previously improved with the Reservoir. The City Council approved the demolition of the Reservoir on January 6, 2009, as it was deemed undersized to adequately serve the storage needs of the surrounding area. The approved demolition included removal of the 0.5-million-gallon reservoir, pump station, and supporting infrastructure.

On October 27, 2020, the City Council declared the Property as surplus and, on November 4, 2020, as required by government Code Section 54220, et seq. and Assembly Bill 1486, staff issued a 60-day Notice of Availability, with a due date of January 3, 2021, to local public agencies and affordable housing developers registered with the State's Department of Housing and Community Development (HCD). Staff received no interest from any public agency, nor any affordable housing developers. As such, the Property was made available for sale to the general public.

DISCUSSION:

The Property is located outside the private entrance into the Hawarden Summit, Inc. community on Bodewin Court north of Overlook Parkway. The adjacent Hawarden Summit Homeowners Association (HOA) is a non-profit private homeowners association and the Property has not been annexed into the HOA. The Property shown in the map below is zoned Residential Conservation and the General Plan is Hillside Residential. The vicinity is subject to Proposition R and Measure C which allows one dwelling unit per 0.50 acres.

The Property is highlighted on the aerial map below:



The Bodewins (Buyer) approached the City with an interest in buying the Property. Staff negotiated the Agreement, which allows the Buyer to have up to 90 days from the Effective Date to submit an application to the City's Planning Division for development entitlements for a 4,500 square foot single family residence and perform any necessary due diligence to review the condition of the Property. The escrow period is 120 days from the Effective Date of the Agreement.

The Agreement provides for the Buyer to submit a \$3,200 deposit to be applied toward the purchase price at the close of escrow. The Buyer additionally agrees, at the close of escrow, to be responsible for obtaining any access rights to the Property from Hawarden Summit Homeowners Association, if required, and relieves the City from any and all liability regarding any access or lack thereof to the Property.

Staff had the Property appraised, as part of the surplus declaration process, by an independent third-party appraiser, which concluded to a value of \$105,000 in its as-is condition. Given that the Property is located outside of the HOA, its existing development value may be limited since it currently only has access for site maintenance. Annexation into the adjacent HOA would resolve the access matter. Staff had the Property appraised with a hypothetical condition as if it were annexed into the HOA, and the appraiser concluded to a value of \$220,000. Although the appraiser concluded to a higher value for the Property as if annexed into the HOA, there are costs and risks for the City to undertake this process which could put the City in a position to pay monthly HOA fees in perpetuity or until such time as a development proposal can be mutually agreed upon for the City to sell the Property.

The Buyer was unwilling to pay a higher value and believes that annexation into the HOA is not necessary for development of the Property into a single-family residence. As such, staff, and the Buyer both agree that the as-is sale price of \$105,000 represents the current fair market value for the Property. The Board of Public Utilities has adopted a Real Property Financial Management Policy. The stated purpose of that policy is as follows:

The Real Property Financial Management policy shall serve as a guide to the Board of Public Utilities to assist when carrying out their Charter prescribed duties. Here are the guiding principles:

1. Maximization of ratepayer value guides all decisions; and
2. Stewardship, which includes acquisition, use, and disposition, shall be done in conformance with California law.

Under this policy, properties are classified into categories according to use. The classification in this report for the Property is Idle-Miscellaneous. "Idle" properties are all properties other than those characterized as Required - In Use or Required - Future. In general, Idle properties are properties that are not currently utilized in the core operations of RPU. Idle properties can be further separated into two sub-categories: income properties and miscellaneous properties.

1. "Income" properties are properties that do not fall into one of the aforementioned categories, but which deliver lease or rent payments to RPU.
2. "Miscellaneous" properties are all other properties. Such properties may have the potential to be reclassified as income properties if the land could be leased or rented with or without investment in structures, fixtures, appurtenances, or improvements; or they could be declared surplus and sold.

The benefits to RPU of declaring the land surplus relate to the generation of new revenue from the one-time sale as well as cost avoidance of expenditures for property maintenance. The Property is currently vacant, unimproved land that does not generate any revenue for RPU. It is estimated that annual savings of approximately \$2,000 will be realized with the avoidance of land/property maintenance. Selling the Property also avoids any liability that could pose a potential hazard to the adjacent residential property owners.

STRATEGIC PLAN ALIGNMENT:

This item contributes to the Envision Riverside 2025 City Council 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.

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

1. **Community Trust** – The City conducted business with transparency and good faith. The Board of Public Utilities recommended City Council to declare 7270 Bodewin Court as surplus ensuring the declaration is based on sound policy and that the transaction is inclusive of reliable market data. The City also provided two opportunities for public engagement between the Board of Public Utilities meeting and the City Council meeting. These meetings provided a space for the public to attend, inquire, and comment on the disposition process.
2. **Equity** – The City acted with inclusion, to ensure equal access to the opportunity. Through the Assembly Bill 1486 surplus disposition process, both affordable housing developers along with other local public agencies were notified of the availability of the property. With the City receiving no interest, the ability for the public to acquire the subject parcel was equitable to all members of the community.
3. **Fiscal Responsibility** – The disposition of the subject parcel is fiscally responsible as it mitigates annual maintenance costs and reduces the City's exposure to losses. Additionally, it adds revenue to the Riverside Public Utilities Sale of Land and Buildings Account and will generate property tax revenue to the General Fund by placing the now exempt tax status back onto the County Assessor's tax roll for both land and improvements upon completion of construction.
4. **Innovation** – The disposition of the subject parcel is in alignment with the zoning requirements of the surrounding area and demonstrates that Riverside is inventive and timely in meeting the changing needs of the community and prepares for the future through collaborative partnerships and adaptive processes.
5. **Sustainability & Resiliency** – Disposing of the subject parcel allows Riverside to continue with sustainable residential development without compromising the needs of the future and ensuring the City's capacity to preserve, adapt and grow during good and difficult times ahead.

FISCAL IMPACT:

The Property is City-owned and is being sold for \$105,000 minus all related title, escrow, and miscellaneous closing costs estimated not-to-exceed \$5,000. The estimated net proceeds from the sale in the minimum amount of \$100,000 shall be deposited into Riverside Public Utilities Water Sale of Land & Buildings Account No. 0000520-380010.

Prepared by: David Welch, Community & Economic Development Director
Approved by: Todd M. Corbin, Utilities General Manager
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Certifies availability
of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Attachments:

1. Purchase and Sale Agreement
2. Presentation