



City of Arts & Innovation

City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 12, 2018**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARD: 3**

DEPARTMENT

**SUBJECT: PURCHASE AND SALE AGREEMENT WITH LION INDUSTRIES, LLC FOR THE
SALE OF APPROXIMATELY 4,525.5 SQUARE FEET OF CITY-OWNED VACANT
LAND LOCATED AT 6311 MAGNOLIA AVENUE FOR THE SALE PRICE OF
\$51,000**

ISSUE:

Approve a Purchase and Sale Agreement with Lion Industries, LLC of Riverside for the sale of approximately 4,525.5 square feet of City-owned vacant land located at 6311 Magnolia Avenue, identified as Assessor Parcel Number 225-133-011 for the sale price of \$51,000.

RECOMMENDATIONS:

That the City Council:

1. Approve the Purchase and Sale Agreement with Lion Industries, LLC for the sale of approximately 4,525.5 square feet of City-owned vacant land located at 6311 Magnolia Avenue, identified as Assessor Parcel Number 225-133-011 for the sale price of \$51,000; and
2. Authorize the City Manager, or his designee, to execute the Agreement, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction and to expend up to \$5,000 for title, escrow and miscellaneous related closing costs.

BACKGROUND:

The Magnolia Avenue Grade Separation Project is an underpass at the rail crossing near Magnolia Avenue, between Sunnyside Drive and Elizabeth Street that was completed by the Public Works Department to improve traffic flow and safety for both vehicular travel and pedestrians. Between 2008 and 2013, the Public Works Department acquired right-of-way for the project and 6311 Magnolia Avenue (Property) is the remaining portion of a parcel no longer needed by Public Works.

On December 17, 2013, the City Council declared the Property surplus. No interest was received from any Public Agencies following the 60-day offering period as required by government Code Section 54220, et seq.

DISCUSSION:

The Property, situated at the southwest corner of Magnolia and Merrill Avenues, is within the Magnolia Avenue Specific Plan/Magnolia Center District and is zoned Commercial General. The appraised value of the Property is \$40,000 based upon its highest and best use to join with an adjacent commercial property.

Three best and final offers were received for the Property:

1. Buyer: Lion Industries, LLC
Use: Parking Lot to adjoin with adjacent 6343 Magnolia Avenue
Proposal: In escrow to purchase 6343 Magnolia with plans to open a western wear and supply retail business
Price: \$51,000
2. Buyer: Kathy and DeWitt Vercher
Use: Parking Lot for 6359 Magnolia Avenue
Proposal: Owners of 6359 Magnolia (1Down Motorcycle Supply)
Price: \$41,000
3. Buyer: Dan Lim and Michael Lim
Use: New 930 square foot building
Proposal: Dental Office
Price: \$51,000

After review, it was concluded a sale to Lion Industries, LLC (Lion) based on the proposed use and potential to join it with the adjacent vacant and underutilized building located at 6343 Magnolia Avenue, was the most desirable outcome. In addition, Lion is willing to pay \$11,000 more than the appraised value. Close of escrow is contingent upon Lion obtaining fee title to 6343 Magnolia Avenue and processing a lot merger to join both properties thereafter.

The proposed Purchase and Sale Agreement terms with Lion include the following:

Sale Price	Cash Deposit	Close of Escrow	Lot Merger	Project Completion
\$51,000	\$1,000 Non-refundable 180 days from effective date of Agreement	6 months from effective date and evidence Buyer is fee owner of adjacent 6343 Magnolia	Buyer to process lot merger with adjacent 6343 Magnolia	120 days from Close of Escrow

Site Map



Lion Industries LLC, is a South Dakota Limited Liability Company located in Riverside. DeAngela Harrell, its manager, is a Certified Public Accountant and Riverside tax preparer.

The Public Works Director concurs with the recommendations.

FISCAL IMPACT:

The City owned Property was acquired using TUMF funds and is being sold for \$51,000. The net sale proceeds, less all title, escrow and miscellaneous related closing cost fees not to exceed \$5,000 is estimated to be \$46,000 and shall be deposited into Public Works account number 9589719375-44031574.

Prepared by: Rafael Guzman, Community & Economic Development Director

Certified as to

availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer

Approved by: Al Zelinka, FAICP, City Manager

Approved as to form: Gary G. Geuss, City Attorney

Attachment: Purchase and Sale Agreement