



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: OCTOBER 3, 2023

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 3
DEPARTMENT

SUBJECT: PURCHASE AND SALE AGREEMENT WITH HI-REL REALTY, LLC, FOR THE SALE OF APPROXIMATELY 54,450 SQUARE FEET OF VACANT CITY-OWNED LAND, BEARING ASSESSOR'S PARCEL NUMBER 163-300-018, A PORTION OF THE WATER QUALITY CONTROL PLANT FOR THE SALES PRICE OF \$218,000

ISSUE:

Approve the Purchase and Sale Agreement with Hi-Rel Realty, LLC, for the sale of approximately 54,450 square feet of vacant City-owned land, bearing Assessor's Parcel Number 163-300-018, a portion of the Water Quality Control Plant for the sales price of \$218,000.

RECOMMENDATIONS:

That the City Council:

1. Approve the Purchase and Sale Agreement (Attachment 1 – Agreement) with Hi-Rel Realty, LLC, for vacant City-owned land, bearing Assessor's Parcel Number 163-300-018, a portion of the Water Quality Control Plant (Property) for the sales price of \$218,000; and
2. Authorize the City Manager, or designee, to execute the Agreement, including making minor and non-substantive changes, and to sign all documents necessary to complete the transaction.

BACKGROUND:

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

In 2014, the City Council approved the Riverside Regional Water Quality Control Plant Phase 1 Rehabilitation and Expansion project to maintain regulatory compliance, ensure public health, and modernize the technologies and facility.

Also in 2014, the Surplus Land Act was amended to define what constitutes a qualified proposal, prioritize proposals to encourage the most units at the deepest affordability, and provide more realistic timeframes to make and negotiate offers.

In 2019, with the adoption of Assembly Bill 1486 (AB 1486) the process for disposing of surplus property was changed requiring local public agencies to notify the State of all available surplus property for disposition for possible affordable housing development.

On January 10, 2022, City Council approved the surplus declaration and authorized the marketing and sale of the Property at fair market value per the City's Administrative Manual Section 08.003.00 for the Disposition and Sale of City-Owned Real Property.

The Public Works Director concurs with the sale of the Property.

DISCUSSION:

Currently, the Public Works Department Wastewater Division is responsible for collecting and treating wastewater for over 93,000 customers within city limits. The facilities consist of over 800 miles of gravity sewers, 9 wastewater lift stations, and the Riverside Regional Water Quality Control Plant (RWQCP), which can treat 46 million gallons daily. Additionally, the RWQCP provides wastewater treatment for the Edgemont, Jurupa, and Rubidoux Community Services Districts and the unincorporated community of Highgrove.

The subject Property is a vacant triangular parcel of land that is zoned BMP (Business and Manufacturing Park) with a General Plan designation of Public Facilities/Institutions. The site is approximately 54,450 square feet. The Property, as shown on the aerial site map below, is a portion of RWQCP and currently vacant.



An independent third-party appraiser provided an appraisal that concluded that the value of the property was \$218,000 in its current "as-is" condition. Staff reviewed the report and determined that the appraised value represents current fair market value.

Hi-Rel Realty, LLC, proposes to merge the subject site with the adjacent parcel for future expansion of 7575 Jurupa Avenue. The basic term of the agreement provides for a 90-day escrow period in which Hi-Rel Realty, LCC, shall have 30 days to perform his due diligence. There are no broker fees. The Buyer shall be responsible for obtaining any project development entitlements at his sole cost and expense. Additionally, the Buyer will be responsible for all costs associated

with obtaining title and half of the escrow fees of this transaction.

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.**

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

1. **Community Trust** – The City negotiated this transaction transparently 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** – Approval of the Agreement demonstrates that the City is committed to advancing the fairness of treatment, recognition of rights, and equitable distribution of services to ensure every member of the community has equal access to share the benefits of community progress.
3. **Fiscal Responsibility** – The subject 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** – Approving the sale of the subject Property demonstrates that the City prepares for the future through collaborative partnerships and adaptive processes.
5. **Sustainability & Resiliency** – Disposing of the subject parcel ensures the City's capacity to persevere, adapt, and grow during good and difficult times alike.

FISCAL IMPACT:

The Property is City-owned and is being sold for \$218,000 minus related title, escrow, and miscellaneous closing costs estimated not-to-exceed \$10,000. The estimated net proceeds from the sale in the minimum amount of \$208,000 shall be deposited into the Sewer Fund, Sewer Systems – Administration & Regulation Compliance, Surplus Property Disposal account number 4125000-380010.

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

Attachments:

1. Purchase and Sale Agreement
2. Presentation