

City of Riverside – Northside Properties

FAQs

What properties does the City own on the Northside?

The primary parcels that the City owns on the Northside include the Ab Brown Soccer Complex, Reid Park, and the former Riverside Golf Club parcels.

Do City departments own property, or does the City hold title to properties?

The City of Riverside, as a municipal corporation, holds title to all real property acquired by various departments. The individual departments do not “own” property. The City tracks acquisitions and transfers of parcels by and between departments and funds through its accounting records, which are audited annually by an independent Certified Public Accounting firm. Based upon the source of funding for the acquisition, the City assigns properties to certain departments. Reid Park is assigned to the Parks Department (within the City’s General Fund), Ab Brown Soccer complex is assigned to the Electric Utility, and the former Riverside Golf Club is assigned to the Water Utility and Parks Department in an approximate 45%-55% split, respectively.

When the Northside properties were originally acquired? Why?

City and department records indicate the parcels were acquired over an approximate 25 year period beginning in 1935 for the purpose of developing water rights and drilling water production wells.

How much property is there?

The former Riverside Golf Club encompasses 128 acres. Reid Park encompasses 45 acres. The Ab Brown Soccer complex encompasses 56 acres.

Some of these parcels were recently transferred between departments. How did that happen?

In 2010 and 2011, after reviewing the complete financial portfolios (cash and other) of the utility enterprises, staff recognized an opportunity to better balance the cash and non-cash financial positions of both the Water and Electric Utilities. Staff also discovered that a substantial portion of the developed Reid Park existed on land that should have been assigned to the Water Utility. To diversify the utility financial portfolios and correct the assignment of Reid Park, at RPU staff recommendation, in 2011 the RPU Board and City Council approved the transfers as outlined below.

Were the parcels appraised before the sale?

The parcels were appraised before the 2011 transfers. For the Riverside Golf Club property, RPU, General Services, Development Department, and Redevelopment Agency staff developed a series of comparable property values, as would be done in a formal appraisal, and met together to develop a set

of consensus values to recommend to the Board of Public Utilities and City Council. Reid Park was formally appraised in October 2010. The Ab Brown Soccer Complex was formally appraised in November of 2009.

When did the Board of Public Utilities approve the transfers of the former Riverside Golf Club, Ab Brown Soccer Complex and Reid Park?

1. December 17, 2010: RPU Board approved transfer of Ab Brown Soccer Complex from the Water Utility to the Electric Utility for \$11.6 million, to improve the overall financial positions [of each utility], and to help maintain the high credit ratings, of both Utilities.
2. January 4, 2011: City Council approved transfer of Ab Brown Soccer Complex from the Water Utility to the Electric Utility for \$11.6 million, “to improve the overall financial positions [of each utility], and to help maintain the high credit ratings, of both Utilities.”
3. January 21, 2011: RPU Board approved the following transfers:
 - 60 and 2.5 acres of Riverside Golf Course from the Water Utility to the Electric Utility for \$4,837,500;
 - 45 and 1.5 acres of Reid Park from the Water Utility to the Electric Utility for \$720,000; and
 - Transfer of all of these parcels to either the General Fund or the City’s Redevelopment Agency (the “RDA”)

RPU retains approximately 120 acres of the Northside lands

4. January 25, 2011: City Council approves purchase of the Riverside Golf Course and Reid Park by the RDA, to be repaid over a 20-year term, with interest.
5. March 1, 2011: City Council changes the “buyer” of the Riverside Golf Course and Reid Park from the RDA to the General Fund, with funding to be provided by the RDA with repayment over a 20-year term, with interest.

These actions were all approved during regular sessions of the Board and City Council.

What policies govern the purchase, sale or transfer of properties that the City owns?

The City has an administrative policy for the sale of City property or transfer to another fund. There is no specific policy for purchase of property, other than that RPU Board and City Council approval is needed.

Were these policies followed?

Yes, the policies were followed.

Did the transfer of the Riverside Golf Course and Reid Park from Water Utility to Electric Utility violate City Charter Section 1204?

No. This section of the Charter provides broad categories for the use of utility revenues. One such category is for operation and maintenance of the utility. Operation and maintenance of the utility includes construction of new utility infrastructure and facilities, some of which is paid for by the issuance of bonds. A better bond rating means that the utility's cost of borrowing money is greatly decreased, resulting in financial savings for the ratepayer. RPU, with Board approval, undertakes financial planning to increase the rating of its bonds by the three bond rating agencies currently rating RPU's debt. These rating agencies evaluate a number of factors in assigning ratings to the each utility, including diversification of investments and cash on hand. The Board approved the transfers between the Water Utility and the Electric Utility "to improve the overall financial positions [of each utility], and to help maintain the high credit ratings, of both Utilities." Both utilities currently have excellent ratings, and the Water Utility's rating was upgraded from AA+ to AAA, the highest rating, by Standard and Poor's subsequent to these 2011 property transfers.

How could the Electric Utility accept the transfer of property currently being used as a City park?

In 2010, the Electric Utility acquired the property in anticipation of a transfer to the RDA or the General Fund. The Board did not approve the transfer of park property from the Water Utility to the Electric Utility for continued use as park property.

Doesn't the Government Code preclude the utility from investing surplus funds in real property? Isn't this real estate speculation?

Government Code section 53601 regulates the investments that the City can make with third parties. Here, the approved land transfers were between City departments. There was no impact to the City's investment portfolio as a result of these transfers, because the City's total cash balance did not change. As discussed above, these transfers were undertaken "to improve the overall financial positions [of each utility], and to help maintain the high credit ratings, of both Utilities."

Does the dissolution of the RDA mean that the Electric Fund will never be repaid for the sale of Reid Park or Riverside Golf Course?

No. The State of California has challenged whether Riverside can use redevelopment tax increment funds to pay the Electric Fund for these properties because the transfers were financed using an internal loan. The trial court ruled in favor of the City, and the State appealed this ruling. Even if the appellate court rules in favor of the State, the Successor Agency to the Redevelopment Agency must pay the Electric Utility for 80% of the amount of the outstanding loan and the General Fund must pay the Electric Utility the remaining 20% of the loan balance. During the appeals process, no payments are

being made on the loan. Interest is being accrued and will be paid in full once the appeals process has concluded, along with all principal due consistent with the original loan payment schedule.