

City of Arts & Innovation

Successor Agency to the Redevelopment Agency of the City of Riverside

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 19, 2017

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 1
DEPARTMENT**

**SUBJECT: RESOLUTION TO EXECUTE A FIRST AMENDMENT TO A PURCHASE AND
SALE AGREEMENT WITH CITYMARK DEVELOPMENT, LLC FOR THE
DISPOSITION OF SUCCESSOR AGENCY-OWNED VACANT LAND, OF
APPROXIMATELY 0.64 ACRES, LOCATED AT 4019 MISSION INN AVENUE,
BEARING ASSESSOR PARCEL NUMBER 214-211-007, TO POTENTIALLY
REDUCE THE SALES PRICE BY \$75,000 FROM \$315,000 TO \$240,000 FOR
POSSIBLE ENVIRONMENTAL CLEANUP ASSOCIATED WITH THE
CONSTRUCTION OF FOR-SALE TOWNHOMES**

ISSUE:

Recommend that the Oversight Board adopt a resolution authorizing the City of Riverside as Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) to execute a First Amendment to a Purchase and Sale Agreement with Citymark Development, LLC for the disposition of Successor Agency-owned vacant land, of approximately 0.64 acres, located at 4019 Mission Inn Avenue, bearing Assessor Parcel Number 214-211-007, to potentially reduce the sales price by \$75,000 from \$315,000 to \$240,000 for possible environmental cleanup associated with the construction of for-sale townhomes.

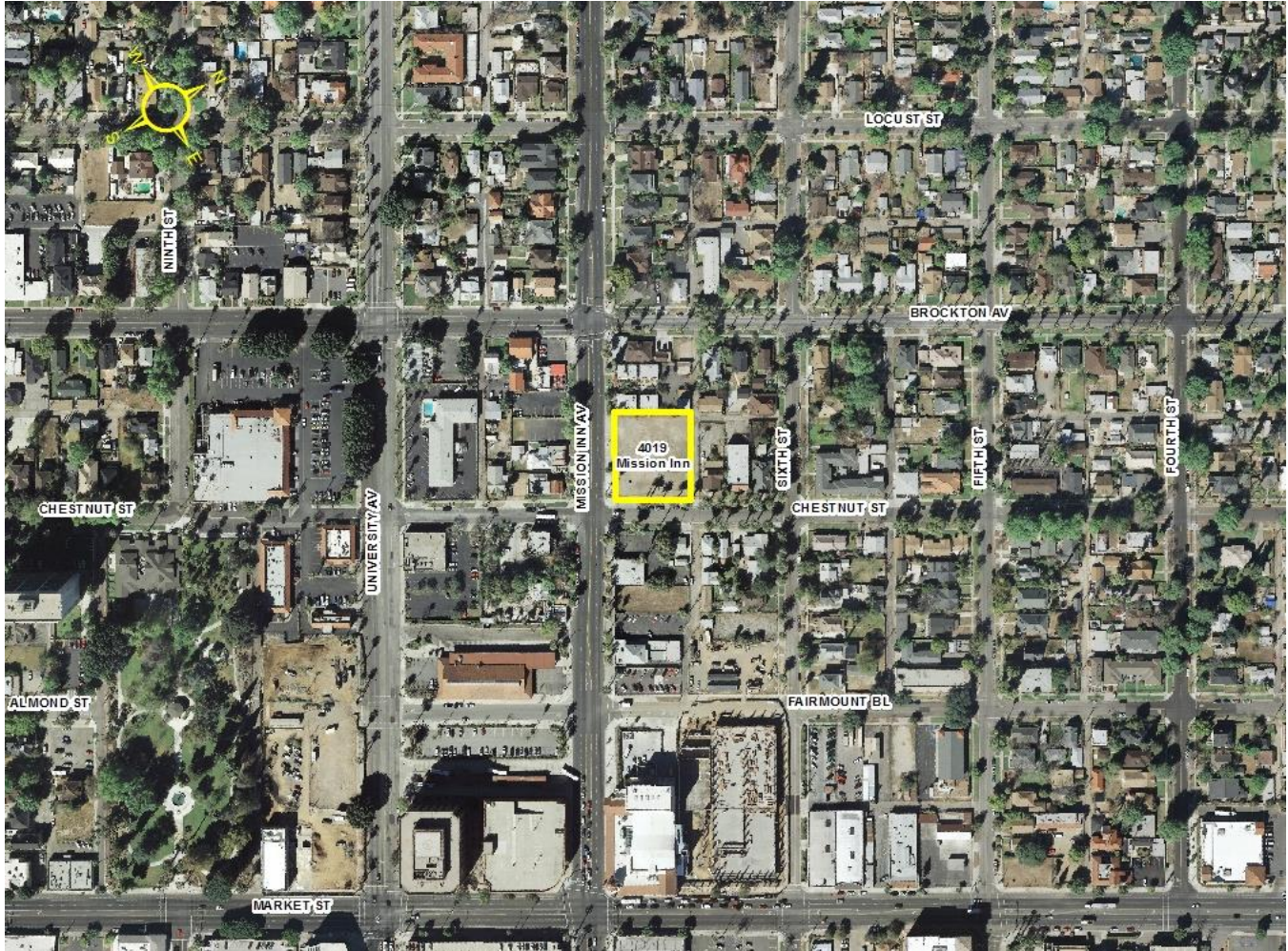
RECOMMENDATIONS:

That the Successor Agency recommend the Oversight Board:

1. Adopt a resolution authorizing execution of the attached First Amendment to Purchase and Sale Agreement between Citymark and the Successor Agency to potentially reduce the sales price by \$75,000 from \$315,000 to \$240,000 for possible environmental cleanup associated with the disposition of Successor Agency-owned vacant land of approximately 0.64 acres, located at 4019 Mission Inn Avenue, bearing Assessor Parcel Number 214-211-007 to facilitate construction of for-sale townhomes; and
2. Authorize the Executive Director, or his designee, to take any and all actions including making minor and non-substantive modifications and execute the attached First Amendment to Purchase and Sale Agreement with Citymark.

BACKGROUND:

On January 25, 2017, the Oversight Board approved a resolution authorizing the Successor Agency to enter into a Purchase and Sale Agreement with Citymark of San Diego, California for the disposition of Successor Agency-owned land of approximately 0.64 acres, located at 4019 Mission Inn Avenue, bearing Assessor Parcel Number 214-211-007 (Property), in the amount of \$315,000 for the construction of for-sale townhomes, in accordance with the Successor Agency’s Long Range Property Management Plan.



4019 Mission Inn Avenue

DISCUSSION:

During the course of its environmental due diligence, Citymark discovered that prior underground storage tanks (UST’s) existed on the Property. As such, the Successor Agency and Citymark Development, LLC desire to amend the Purchase and Sale Agreement to cover the costs for the removal of UST’s or any related contamination that might exist on the Property.

Specifically, escrow will withhold from the Successor Agency’s proceeds an amount not to exceed \$75,000 (Hold Back Money) upon the close of escrow. This Hold Back Money shall be placed in an interest-bearing account for the benefit of the Successor Agency. This Hold Back Money shall be used as reimbursement for any environmental cleanup incurred by Citymark

Development, LLC due to the prior existence of UST's on the Property. Prior to the release of any Hold Back Money, Citymark must submit to the Successor Agency all invoices, studies, reports or other documents for review and approval. The Hold Back Money shall terminate upon the earlier of 1) all Hold Back Money has been expended, or 2) 12 months after the close of escrow. Citymark shall be responsible for any environmental clean-up costs in excess of \$75,000, if required.

FISCAL IMPACT:

As noted in the January 25, 2017 report, all sale proceeds less related title, escrow and miscellaneous closing costs, not expected to exceed \$10,000, shall be remitted to the Riverside County Auditor Controller's Office (ACO). The ACO will distribute the sale proceeds to the various taxing entities (including the City) and report the sale to the State Department of Finance. The City's portion of the sales proceeds, based on a purchase price of \$315,000, is estimated to be \$44,100.

However, should the Hold Back Money be completely expended, the purchase price shall be revised to \$240,000 and the City's portion of the sales is estimated to be \$33,600.

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

Attachments:

1. Resolution
2. First Amendment to Purchase and Sale Agreement