



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JULY 2, 2019**

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

**SUBJECT: PURCHASE AND SALE AGREEMENT WITH M & D DEVELOPMENT, LLC  
FOR THE SALE OF A CITY-OWNED VACANT LAND SITE CONTAINING  
APPROXIMATELY 39,154 SQUARE FEET LOCATED ON THE NORTHERLY  
SIDE OF COLUMBIA AVENUE BETWEEN CHICAGO AVENUE AND  
ARDMORE STREET FOR THE SALE PRICE OF \$230,000**

## **ISSUE:**

Approve a Purchase and Sale Agreement with M & D Development, LLC, of Corona, for the sale of a City-owned vacant land site containing approximately 39,154 square feet located on the northerly side of Columbia Avenue between Chicago Avenue and Ardmore Street, also known as portions of Assessor's Parcel Numbers 249-032-003, 249-032-004, 249-033-012, 249-033-013, and 249-033-015 for the sale price of \$230,000.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve a Purchase and Sale Agreement with M & D Development, LLC for the sale of a City-owned vacant land site containing approximately 39,154 square feet located on the northerly side of Columbia Avenue between Chicago Avenue and Ardmore Street, also known as portions of Assessor's Parcel Numbers 249-032-003, 249-032-004, 249-033-012, 249-033-013, and 249-033-015 for the sale price of \$230,000; 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 \$12,000 for title, escrow, and miscellaneous related closing costs.

## **BACKGROUND:**

In 2007 and 2008, the Public Works department acquired numerous properties along Columbia Avenue from east La Cadena Drive to Iowa Avenue for the Columbia Avenue Grade Separation Project. The Property is comprised of the remnant portions of five adjoining parcels that are no longer needed by Public Works with the completion of the Columbia Avenue Grade Separation Project.

On March 17, 2015, 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 shown in the aerial below is zoned Industrial and located within the Hunter Business Park Specific Plan area. Also, the southerly property line is adjacent to the Columbia Avenue Grade Separation bridge crossing.



M & D Development, LLC (Buyer) approached the City with an interest in constructing a commercial fueling station on the Property. The Buyer's sister company is Downs Energy of Corona, California. The company was established as Downs Oil in 1940 and is a third-generation family-owned business with almost 80 years of experience in the fuel business.

The Agreement allows the Buyer to have approximately nine months from the Effective Date of the Agreement to complete its due diligence review of the Property, obtain development entitlements and close escrow. The Buyer shall have up to six months from the close of escrow to commence construction and 24-months to complete construction.

The City had the Property appraised by an independent third party appraiser for \$230,000. The Buyer accepted the appraised value for the Property and the terms of the attached Agreement. The Buyer shall be responsible for all costs for project entitlements.

The Community & Economic Development Director and staff have reviewed and determined

that the sale price of \$230,000 for the Property represents the current fair market value of the Property and recommends entering into the Agreement.

The Public Works Director concurs with the recommendations in the staff report.

**FISCAL IMPACT:**

The Property is City owned and is being sold for \$230,000 less all title, escrow, and miscellaneous related closing costs for a total not to exceed amount of \$12,000. The estimated net proceeds from the sale in the amount of \$218,000 shall be deposited into General Fund Account Number 0000101-380010.

Prepared by:	David Welch, Community & Economic Development Director
Certified as to	
availability of funds:	Edward Enriquez, Chief Financial Officer/Treasurer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Gary G. Guess, City Attorney

Attachment:	Purchase and Sale Agreement
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