



*City of Arts & Innovation*

# City Council Memorandum

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**TO: HONORABLE MAYOR AND CITY COUNCIL                      DATE: JANUARY 5, 2021**

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

**SUBJECT: PURCHASE AND SALE AGREEMENTS WITH 1) 895 CLARK STREET, LLC FOR THE ACQUISITION OF 895 CLARK STREET AND 2) THE ARTHUR MICHIO SANEMATSU TRUST FOR THE ACQUISITION OF 900 CLARK STREET TOTALING APPROXIMATELY 7.58 ACRES OF LAND FOR THE NORTHSIDE HERITAGE MEADOWS URBAN GREENING GRANT PROJECT FOR A TOTAL AMOUNT OF \$1,900,000 – SUPPLEMENTAL APPROPRIATION**

**ISSUE:**

Approve two Purchase and Sale Agreements with: 1) 895 Clark Street, LLC for the acquisition of 895 Clark Street; and 2) the Arthur Michio Sanematsu Trust for the acquisition of 900 Clark Street; totaling approximately 7.58 acres of land for the Northside Heritage Meadows Urban Greening Grant project, identified as Assessor Parcel Numbers, 246-230-020 and 246-242-011, for a total purchase price of \$1,900,000.

**RECOMMENDATIONS:**

That the City Council:

1. Approve a Purchase and Sale Agreement with 895 Clark Street, LLC for the acquisition of 895 Clark Street containing approximately 3.76 acres of land, identified as Assessor Parcel Number 246-230-020, for the purchase price of \$945,000;
2. Approve a Purchase and Sale Agreement with the Arthur Michio Sanematsu Trust for the acquisition of 900 Clark Street containing approximately 3.82 acres of land, identified as Assessor Parcel Number 246-242-011 for the purchase price of \$955,000;
3. Authorize a supplemental appropriation in the amount of \$75,000 in outstanding Code Enforcement fines and administrative civil penalties due to the City on 895 Clark Street to the General Fund and appropriate expenditures as follows: \$50,000 to the Harada House Project account 9916400-440446 and \$25,000 to the Northside Heritage Meadows Project account 9916500-440446; and
4. Authorize the City Manager, or his designee, to execute both of the Purchase and Sale Agreements, including making minor non-substantive changes, and to sign all documents and instruments necessary to complete the transactions and expend up to

an additional \$15,000 for due diligence, title, escrow, and miscellaneous related closing costs.

## **BACKGROUND:**

In 2018, the City of Riverside won a \$3,000,000 competitive project proposal grant, referred to as the Northside Heritage Meadows Urban Greening Grant Project (Project), from the 2018 Urban Greening Grant to fund a project in the Northside neighborhood. Grant funding will allow for the acquisition of two parcels totaling 7.58 acres located at 895 and 900 Clark Street (APNs 246-230-020 and 246-242-011). The project site will be developed into an urban agriculture training center and greening project with multiple elements, including: 1) two trails to improve walkability, one of which is an interpretive nature trail; 2) planting of 453 trees and shrubs to provide shade, sequester carbon, support agricultural workforce training, and produce food; 3) establishment of a 24-plot community garden; 4) installation of water and utilities infrastructure to facilitate site activities; 5) preservation of 3.5 acres of green open space in agricultural activities thereby mitigating heat-island effects; and 6) outreach activities to build strong community engagement in the project.

Although the existing grant deadline for expenditure of Project funds is April 30, 2021, staff have spoken with the California Department of Natural Resources and will be seeking the maximum grant extension of five years through April 30, 2026 to ensure the Project's grant funded elements are fully expended.

## **DISCUSSION:**

895 Clark Street contains approximately 3.76 acres of vacant land and is currently zoned R1-7,000 (Single Family Residential) and is in the Medium Density Residential General Plan. The parcel is further identified as Assessor Parcel Number 246-230-020 and will be acquired for the purchase price of \$945,000.

900 Clark Street contains approximately 3.82 acres of land and contains a single-family residence which is approximately 1,226 square feet and will be vacant prior to the City acquiring it. The property is currently zoned R1-7,000 (Single Family Residential) and is in the Medium Density Residential General Plan. The property is further identified as Assessor Parcel Number 246-242-011 and will be acquired for the purchase price of \$955,000.

The two privately owned parcels located at 895 and 900 Clark Street were appraised by a third-party independent appraiser who concluded to a total value of \$1,900,000. Staff have reviewed and determined that the appraised value of \$1,900,000 pertaining to APN's 246-230-020 & 246-242-011 represents the current fair market value. The two subject properties are depicted below in green and yellow on the aerial site map.

The City obtained a Phase 1 Environmental Site Assessment report for both of the 895 and 900 Clark Street properties to determine if there were any potential recognized environmental conditions. A Limited Soil Sample - Phase 2 Limited Subsurface Investigation was prepared to identify the presence of a possible gasoline Underground Storage Tank (UST) that might be located at the 900 Clark Street property. The further investigations in this report did not identify the presence of a possible UST onsite. However, it does not preclude that a UST might exist onsite.



Staff is recommending the following basic deal points of the proposed Purchase and Sale Agreements which are summarized below:

- The acquisition of 895 Clark Street containing approximately 3.46 acres of land, identified as Assessor Parcel Number 246-230-020 for the purchase price of \$945,000.
- The acquisition of 900 Clark Street containing approximately 3.76 acres of land, identified as Assessor Parcel Number 246-242-011 for the purchase price of \$955,00.
- The City shall have 45 days from the Effective Date of the Agreements to perform its due diligence and review of the condition of the properties.
- Escrow shall close on or before 60 days following the Effective Date.
- The Properties must be vacant with no tenant occupancy or any obligations prior to the close of escrow.
- The Seller shall indemnify the City for hazardous substances up to a maximum amount of \$100,000 for each of the 895 and 900 Clark Street properties until December 1, 2022. The City will be liable for any remediation costs if an underground storage tank (UST) is found after December 1, 2022 or for any remediation costs in excess of the \$100,000 prior to December 1, 2022.

The 895 Clark Street property carries a City Code Enforcement lien of \$100,000 from accrued fines and administrative civil penalties from previous code violations. As part of the negotiation discussions, both City staff and the property owners have agreed to seek a reduced lien amount and reinvest the lien payment back into two underfunded City projects. Staff is recommending that the lien amount be reduced to \$75,000 to be paid to the City and collected during escrow. The lien payment proceeds will be reinvested for the following purposes:

- 1) \$50,000 to the Harada House for repairs, upkeep, and ongoing maintenance; and
- 2) \$25,000 for the Northside Heritage Meadows Project to assist with funding site development needs to establish a farm and an educational facility for urban agriculture.

While reinvestment of lien payments, as part of a property transaction, is not typical, the benefits outweigh the concerns. The property owners have been active partners in the City's successful \$3,000,000 grant application by writing a letter of support, signing the grant application, passionately engaging the grant agency's review team during the site visit, and making the site available for this opportunity. The project is also consistent with numerous elements within the Riverside 2025 Strategic Plan.

### **Consistency with Riverside 2025 Strategic Plan**

The Northside Heritage Meadows project is consistent with the following cross cutting threads:

- ✓ Sustainability and Resiliency: Riverside is committed to meeting the needs of the present without compromising the needs of the future and ensuring the City's capacity to persevere, adapt and grow during good and difficult times alike.
- ✓ Innovation: Riverside is inventive and timely in meeting the community's changing needs and prepares for the future through collaborative partnerships and adaptive processes.
- ✓ Fiscal Responsibility: Riverside is a prudent steward of public funds and ensures responsible management of the City's financial resources while providing quality public services to all.

In addition, the Northside Heritage Meadows project is consistent with the Environmental Stewardship Priority, Local Food System Indicator and the following Goals:

- ✓ Goal 4.4: Lead public-private partnerships to build resources and grow the capacity of the local food system.”
- ✓ Goal 4.5: Ensure that open spaces and natural lands are managed to support healthy ecosystems that are resilient to climate change and urban pressures.

When completed the Northside Heritage Meadows project will also positively impact four additional priorities areas: Economic Opportunity, Arts, Culture and Recreation, Community Well-Being and Infrastructure, Mobility and Connectivity.

### **FISCAL IMPACT:**

The total fiscal impact is \$1,900,000 plus up to an additional \$15,000 for due diligence, title, escrow, and miscellaneous related closing costs. The purchase of 895 Clark Street and 900 Clark Street will be charged to the Development Grants Fund, Urban Greening Grant Acquisition account 9339110-440210.

With Council approval, a supplemental appropriation of \$75,000 of the collected Code Enforcement fines and penalties will be reinvested in the General Fund accounts for the Harada House project (account 9916400-440446) and Northside Heritage Meadows project (account 9916500-440446). The effect of the supplemental appropriation will be a use of General Fund reserves because code enforcement fines are recorded as revenue in the fiscal year in which they are billed; the revenue for the lien was recorded in FY 2017/18.

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

Attachments:

1. 895 Clark Street, LLC Purchase and Sale Agreement (895 Clark Street)
2. Arthur Michio Sanematsu Trust Purchase and Sale Agreement (900 Clark Street)