



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 25, 2021

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 3
DEPARTMENT**

**SUBJECT: ADOPTION OF A RESOLUTION TO DECLARE AS SURPLUS
APPROXIMATELY 20,320 SQUARE FEET OF CITY-OWNED VACANT LAND
LOCATED AT THE SOUTHEASTERLY CORNER OF CENTRAL AVENUE
BETWEEN THE NORTHBOUND EXIT OF THE STATE ROUTE 91 FREEWAY
AND THE AT&SF RAILWAY BEARING A PORTION OF ASSESSOR'S PARCEL
NUMBER 223-150-009, FORMERLY KNOWN AS THE MAGNOLIA
SUBSTATION**

ISSUE:

Adoption of a Resolution to declare as surplus approximately 20,320 square feet of City-owned vacant land located at the southeasterly corner of Central Avenue between the northbound exit of the State Route 91 Freeway and the AT&SF railway bearing Assessor's Parcel Number 223-150-009, formerly known as the Magnolia Substation.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution to declare as surplus approximately 20,320 square feet of City-owned vacant land located at the southeasterly corner of Central Avenue between the northbound exit of the State Route 91 Freeway and the AT&SF railway bearing a portion of Assessor's Parcel Number 223-150-009, formerly known as the Magnolia Substation; and
2. Authorize the marketing and sale of the property located at the southeasterly corner of Central Avenue between the northbound exit of the State Route 91 Freeway and the AT&SF railway pursuant to Assembly Bill 1486 and in accordance with the City's Administrative Manual 08.003.00 for the Disposition and Sale of City-Owned Real Property.

BOARD RECOMMENDATIONS:

On April 26, 2021, the Board of Public Utilities unanimously recommended that the City Council approve the surplus declaration of approximately 20,320 square feet of City-owned vacant land located at the southeasterly corner of Central Avenue between the northbound exit of the State Route 91 Freeway and the AT&SF railway bearing a portion of Assessor's Parcel Number 223-

150-009, formerly known as the Magnolia Substation (Property).

BACKGROUND:

On December 7, 2012, the Board of Public Utilities approved a multi-phase project to expand the Plaza Substation to facilitate the 4-12kV conversion of the Magnolia and Plaza distribution circuits and retirement of the Magnolia Substation (Magnolia). On November 5, 2018, the Board of Public Utilities approved Phase V funding for the demolition of Riverside Public Utilities' (RPU's) oldest substation. The demolition phase included the removal of above-grade equipment and structures and below-grade structures.

RPU's Engineering Department evaluated the potential usage of the property and determined that the portion of the Property being recommended to be declared as surplus is no longer needed or usable by Riverside Public Utilities.

DISCUSSION:

The total property contains approximately 24,340 square feet, is zoned residential (R-1-7000), and the General Plan designation is Commercial. As part of the State's improvements to the State Route (SR) 91 Freeway, the northbound exit to Central Avenue was widened. A portion of the Property was acquired by Caltrans for the widening and 6' access along the exit ramp and Central Avenue. Additionally, easements for a 42" City-owned water pipeline underneath the Property as well as electrical conduits will be reserved. Currently, there is an existing cell tower on the southern portion of the Property leased to Cingular Wireless that expires on September 10, 2031. The annual rent is \$21,558.11 plus annual consumer price index (CPI) increases.

As such, staff proposes that the northerly 20,320 square foot portion of the Property, shown in the aerial site map below, highlighted in blue, be declared as surplus. The remaining portion of the site, which is approximately 4,014 square feet and highlighted in yellow, should be retained by the City to collect cell tower revenue given that the existing Cingular Wireless lease will generate over \$200,000 in the next 10 years before it expires. Should the City decide to generate revenue from outdoor billboard advertising in the future, there should be adequate space on the portion of the site to be retained by the City to accommodate a future outdoor advertising sign.



The disposition process for the sale of surplus property changed with the passage of Assembly Bill 1486 (AB 1486) on October 9, 2019. Real Property Services initiated this disposition process with a notice to City departments asking if they can utilize the Property. No interest was received from any City departments for the Property.

Once City Council declares a property as surplus, and prior to disposing or participating in negotiations with prospective buyers, a written notice of availability must be sent to affordable housing developers who have registered with the State's Department of Housing and Community Development (HCD). Also, per California Government Code Section 54220, et seq., staff will notify other public agencies of the sale of the subject property for a 60-day period. However, the affordable housing developers will have the "first right of refusal" or priority consideration for all City-owned land that has been declared surplus. If there is no interest from a developer or public agency, staff will market the subject property to the general public to sell at fair market value in accordance with the City's Administrative Manual 08.003.00, Disposition and Sale of City-Owned Real Property. If the property is developed with 10 or more residential units, then 15% of the total project's units must be restricted to "affordable rent to lower income households" as required by AB 1486.

Staff will offer the Property to the list of registered HCD affordable housing developers and other public agencies upon approval of the surplus declaration by City Council. If no interest is received within this 60-day period, the City will proceed with marketing the Property to the general public upon written confirmation from HCD who is required to respond within 30 days from receiving the City's notice summarizing any proposals received and their negotiations.

The Utilities General Manager concurs with the recommendations in this staff report.

FISCAL IMPACT:

The fiscal impact of this recommendation are the costs associated with marketing the Property, including, but not limited to, appraisal and title reports which will be offset by the sales proceeds from the disposition of the property. There are sufficient funds available in Public Utilities – Electric Account number 6110000-421000 to cover the costs until the sales proceeds are realized.

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| 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. Resolution
2. Site Map
3. Presentation