



City of Arts & Innovation

# City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 19, 2024

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT WARD: 3

SUBJECT: TERMINATE THE PURCHASE, SALE AND DEVELOPMENT AGREEMENT WITH CIRCLE CITY INVESTMENT GROUP FOR THE SALE OF A PORTION OF ASSESSOR'S PARCEL NUMBER 190-062-001 AND TO CANCEL ESCROW WITH LAWYERS TITLE COMPANY – DEPOSIT REVENUE OF \$4,200

## ISSUE:

Authorize to terminate of the Purchase, Sale and Development Agreement with Circle City Investment Group, for the sale of a portion of Assessor's Parcel Number 190-062-001 and to cancel with Lawyers Title Company – deposit revenue of \$4,200.

## RECOMMENDATIONS:

That the City Council:

1. Authorize the termination of the Purchase, Sale and Development Agreement (Attachment 1 – Agreement) with Circle City Investment Group for the vacant City-owned land located on the southeast corner of Essex Street and Mountain View Avenue, bearing a portion of Assessor's Parcel Number 190-062-001, for the sale price of \$140,000;
2. Authorize the escrow cancellation with Lawyers Title Company, Escrow No. SBL25560-LT143-DS; and
3. Authorize the City Manager, or his designee, to execute all documents, including making minor, non-substantive changes, necessary to cancel the transaction with Lawyers Title Company.

## BACKGROUND:

On September 24, 2002, City Council adopted a resolution authorizing the Jurupa Avenue Grade Separation Project to reduce the congestion and inconvenience of at-grade Union Pacific railroad crossing at Jurupa Avenue.

On December 18, 2018, City Council approved the surplus disposition of the subject property located on the southeast corner of Essex Street and Mountain View Avenue (Property) and authorized the marketing and sale of the Property.

On June 7, 2023, City Council approved an Agreement between the City of Riverside (City) and Circle City Investment Group for the sale of the Property for the price of \$140,000.

### **DISCUSSION:**

On August 9, 2024, staff sent Mr. Yousuf Bhaghani, President of Circle City Investment Group, a default notice stating Circle City Investment Group's failure to secure the necessary entitlements and environmental clearances for the Property. Specifically, Circle City Investment Group is in default of Article III, Section 3.1, Closing Date, for failing to close escrow by a specified date; Section 3.2.2 (c), Closing Documents, for failing to provide evidence of the Project Entitlements, in accordance with Article VII; Section 7.1, Default, for failing to meet, comply with, or perform, any covenant, agreement, or obligation on its part required within the time limits and in the manner required in this "Agreement"; and Section 7.2 Opportunity to Cure, for not attempting to cure the alleged default after receipt of the notice within fifteen (15) days.

Furthermore, per Sections 7.3 - Remedies and 7.5 - Liquidated Damages, the City is "entitled to terminate [the] Agreement" and "receive the sum representing the amount of the deposit and reasonable attorney's fees incurred by" the City.

Lastly, per Article II, Section 2.3 the non-refundable amount of the deposit is \$4,200, which was made by Circle City Investment Group for the Property.

### **STRATEGIC PLAN ALIGNMENT:**

This item contributes to **Strategic Priority 5 – High Performing Government** and **Goal 5.4 – Achieving and maintaining financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.**

The item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The City is transparent and makes decisions based on sound policy, inclusive community engagement involvement of City Boards & Commissions, and timely and reliable information. Approving the termination of the Agreement and cancellation of escrow shows that the City is committed to community trust and makes decisions that serve the public interest.
2. **Equity** – The City is supportive of the City's racial, ethnic, religious, sexual orientation, identity, geographic, and other attributes of diversity. Approving the termination of the Agreement and cancellation of escrow shows that the City is committed to advancing the fairness of treatment, recognition of rights, and equitable distribution of services to ensure every member of the community has equal access to share in the benefits of community progress. The City will ensure that this site is promoted and made available to all members of the public in a fair and inclusive manner.
3. **Fiscal Responsibility** – The City is a prudent steward of public funds. Approving the termination of the Agreement and cancellation of escrow ensures responsible management of the City's financial resources while providing quality public services to all,

aligning with prudent stewardship and facilitating beneficial investment in the City.

4. **Innovation** – The City is inventive and timely in meeting the community’s changing needs. Approving the termination of the Agreement and cancellation of escrow shows that the City prepares for the future through collaborative partnership and adaptive processes. The City works diligently to keep up with the community's housing needs by preparing for the future through collaboration and flexibility.
5. **Sustainability & Resiliency** – The City is committed to meeting the needs of the present without compromising the needs of the future. Approving the termination of the Agreement and cancellation of escrow ensures the City’s capacity to persevere, adapt and grow during good and difficult times alike.

**FISCAL IMPACT:**

The total fiscal impact of this action is \$4,200 in revenue that will be deposited into the Measure A Fund, Sale of Land and Building revenue account 0000432-380010.

Prepared by:	Patricia Villa, Real Property Agent
Approved by:	Jennifer A. Lilley, Community & Economic Development Director
Certified as to	
Availability of Funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Mike Futrell, City Manager
Approved as to Form:	Jack Liu, Interim City Attorney

**Attachments:**

1. Purchase, Sale and Development Agreement
2. Presentation