

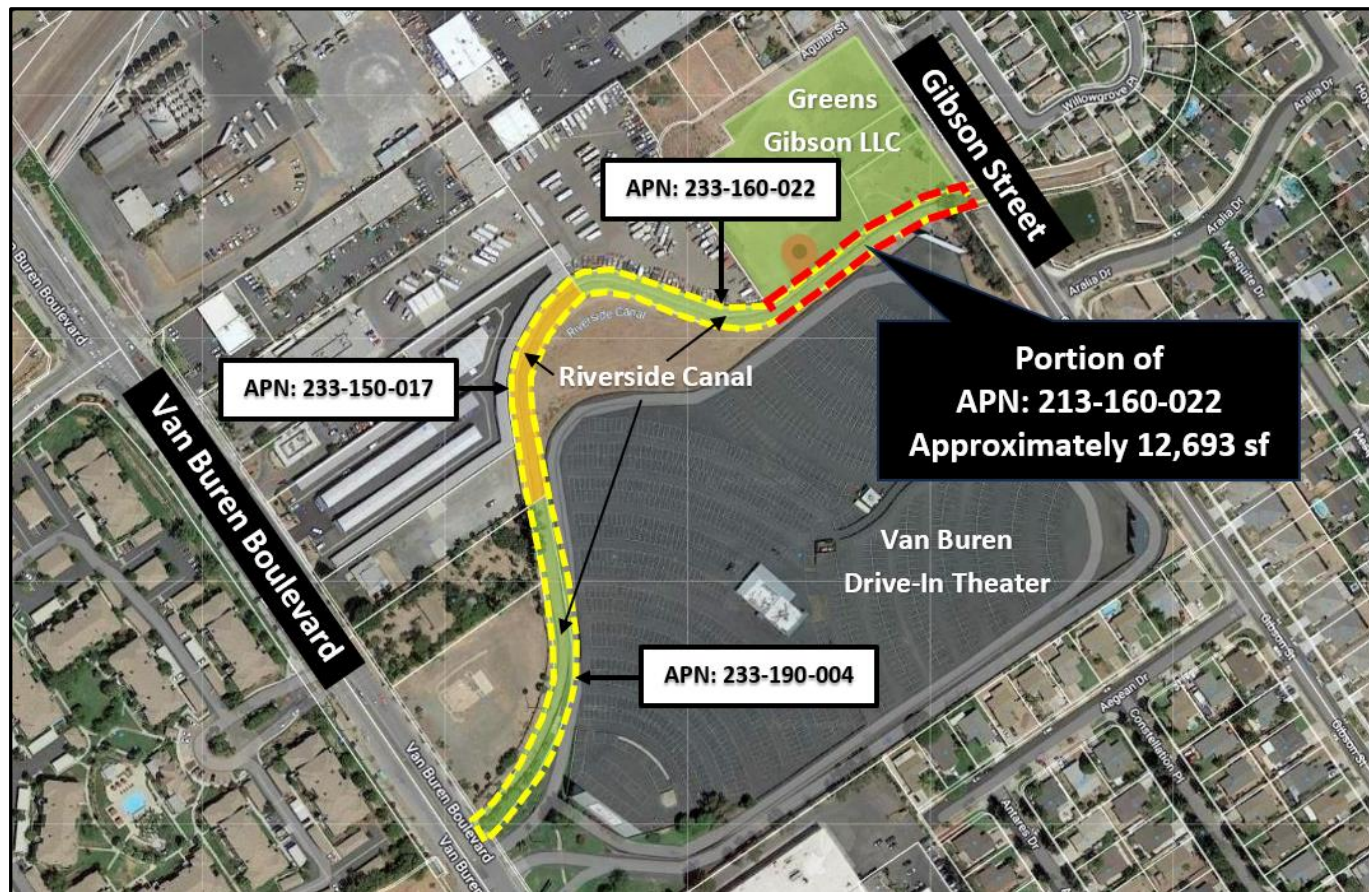
BACKGROUND:

The portion of the Riverside Canal located between Gibson Street and Van Buren Boulevard, as shown on the map below, is no longer utilized for irrigation purposes. With the surrounding area now fully developed, this segment of the canal has transitioned into a local drainage channel. The City’s Public Utilities Department (RPU) retains ownership of the canal and remains responsible for its ongoing maintenance, including vegetation control, trash removal, and mitigation of vandalism.

The subject properties contain approximately 56,999 square feet in total. Assessor’s Parcel Numbers 213-160-022 and 233-190-004 are zoned R-4 (Multi-Family Residential) with the General Plan designation of Very High Density Residential, while Assessor Parcel Number 233-150-017 is zoned MU-V (Mixed Use Village) with the General Plan designation of Mixed-Use Village. All are in the Arlington South neighborhood.

On July 18, 2023, through the Surplus Land Act process, the City has formally declared this portion of the canal as surplus property. The California Department of Housing and Community Development (HCD) has designated the subject parcels as surplus land subject to an affordable housing covenant. This covenant requires that at least 25% of any residential units developed on the site be reserved for lower-income households.

However, due to the necessity of reserving easements for drainage facilities, residential development is not permitted on these parcels. As a result, the properties are limited in potential use and may only serve as ingress/egress or parking areas to support adjacent development.



DISCUSSION:

On September 26, 2023, the City received a Letter of Intent from the adjacent property owner, Greens Gibson LLC, seeking to acquire approximately 12,693 square feet of fee simple interest from a portion of the surplus City-owned parcel identified as Assessor’s Parcel Number 213-160-022. The proposed acquisition is intended to provide parking and ingress/egress for their adjacent development.

Because the City’s Public Utilities Department (RPU) currently utilizes the parcel for drainage purposes, any prospective buyer must agree to reserve an easement as a condition of development. This requirement obligates the buyer to enter into a Covenant and Agreement for the construction of a new underground drainage facility, enabling use of the surface areas. Specifically, the buyer must enclose the existing open canal into a buried pipe or channel box approved by the Public Works Department (PWD). In addition, the buyer must grant an easement back to the PWD for City’s access and maintenance of the facility until such time as they could be connected to Riverside County Flood Control facilities, and they would take over future maintenance once the improvements are completed. This would be documented in a recorded covenant that will run with the land in perpetuity.

Staff has reviewed the appraised value of \$8.00 per square foot for approximately 12,693 square feet, with an adjustment applied to reflect the permanent easement at 50% of fee value. This adjustment results in a fair market valuation of \$50,772 for the real property interests. Based on this analysis, staff recommends approval of the transaction. Furthermore, approval of the Purchase, Sale, and Development Agreement and Covenant will provide the City with an upgraded, channelized drainage system, thereby reducing future maintenance costs.

Both the Utilities’ General Manager and the Public Works Director concur with the recommendations in this report.

FISCAL IMPACT:

The total fiscal impact of the revenue from the land sale is approximately \$50,722 and closing costs should not exceed \$5,000. The net proceeds from the sale shall be deposited into the Water Fund, Land & Buildings Revenue Account No. 0000520-380010.

Prepared by:	Ron Duran, Real Property Agent
Approved by:	Miranda Evans, Interim Community & Economic Development Director
Certified as to availability of funds:	Julie Nemes, Interim Finance Director
Approved by:	Mike Futrell, City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

- Attachments:
1. Purchase, Sale and Development Agreement
 2. Presentation