



# City Council Memorandum

*City of Arts & Innovation*

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JULY 1, 2025

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT WARD: 1

SUBJECT: **NOTICE HEARING: A RESOLUTION OF THE CITY OF RIVERSIDE FINDING AND DETERMINING THE PUBLIC INTEREST AND NECESSITY FOR ACQUIRING AND AUTHORIZING THE CONDEMNATION OF REAL PROPERTY INTERESTS FROM HELIX STREET, LLC, AUTHORIZING THE CITY ATTORNEY TO FILE A COMPLAINT IN EMINENT DOMAIN, INCLUDING AN ADMINISTRATIVE SETTLEMENT, AND THE TAKING OF ALL OTHER ACTIONS REQUIRED UNDER THE CITY'S EMINENT DOMAIN AUTHORITY - THIRD STREET GRADE SEPARATION PROJECT, FEDERAL PROJECT NO. STPL-5058 (081)**

## **ISSUE:**

Adopt a resolution of the City of Riverside finding and determining the public interest and necessity for acquiring and authorizing the condemnation of from Helix Street, LLC, authorizing the City Attorney to file a complaint in eminent domain, including an administrative settlement, and taking of all actions required under the City's eminent domain authority - Third Street Grade Separation Project, Federal Project No. STPL-5058(081).

## **RECOMMENDATIONS:**

That the City Council:

1. Conduct a hearing to consider the adoption of a Resolution of Necessity (Attachment 2) and provide all parties that have an interest in the affected property, or their representatives, an opportunity to be heard on the issues related to the Resolution of Necessity;
2. Make the following findings as hereinafter described in this report: (a) the public interest and necessity require the proposed public project described in this report; (b) the proposed public project is planned and located in a manner to be most compatible with the greatest public good and the least private injury; (c) the real property interests being sought to be acquired as described in the Resolution of Necessity are necessary for the proposed public project; and (d) that the offer required by Government Code 7267.2 have been made to the owner of record;
3. Adopt, by at least five (5) votes, the Resolution of Necessity, in the form presented at this

meeting, declaring that the City Council's formal decision has been made relative to each of the foregoing findings to acquire the subject property interests through eminent domain proceedings;

4. Authorize the City Attorney to prepare and file the complaint in eminent domain and take all other actions necessary to acquire the subject real property interests; and
5. Except on matters involving policy determinations to be made by the City Council, authorize the City Manager, or his designee, to prepare and execute the appropriate documents and take all other actions as required under the City's eminent domain authority.

## **BACKGROUND:**

Between 2017 and 2025, the City has been in a multi-phase process to advance the Third Street Grade Separation Project along the BNSF Railroad. The Third Street Grade Separation Project (Project) proposes constructing a railroad underpass at Third Street and the BNSF railroad tracks. Third Street will be lowered, and a bridge will be built to accommodate rail traffic. Earlier this year the City Council approved a street vacation to facilitate the construction and the rail realignment and infrastructure improvements.

More recently, on February 25, 2025, City staff conducted a hearing to consider the adoption of Resolutions of Necessity for the acquisition of property interests of nine (9) ownerships required for the project. During the hearing, a property owner's representative raised concerns regarding the composition of the resolution. In response, City Council directed staff to address the issue and reschedule the hearing. The Resolution of Necessity was subsequently adopted on March 25, 2025.

Helix Street, LLC (property owner) was not a part of the March Council action. Subsequently, on June 17, 2025, City Council approved a purchase and sale agreement with Helix Street, LLC.

## **DISCUSSION:**

Helix Street, LLC owners have been cooperative and supportive of the City's efforts to build the Project. Real Property Services and Public Works staff have developed a productive relationship with business operator which led to an executed purchase and sale agreement. While the purchase and sale agreement path is likely to be successful staff is recommending adopting a Resolution of Necessity should any unanticipated complications surface. For instance, issues with title, taxes, liens or other existing matters of record could stymie the escrow process. This action allows staff to proceed with closing as directed by City Council on June 17, 2025 and creates a clear alternate route to acquire property.

The project must begin construction in 2026 and to meet this requirement staff is working diligently to meet this milestone. The adoption of this Resolution of Necessity positions the City with the ability to proceed with acquisition of property interests regardless of any challenges that may occur between now and construction commencement.

The subject property, owned by Helix Street, LLC (APN 211-021-023), is necessary for the Project. The parcel encompasses approximately 59,242 square feet (1.36 acres) and is zoned Business and Manufacturing Park (BMP). The property has a 9,800-square-foot industrial office/warehouse building along with an accompanying storage yard.

Property interests necessary for project are the following easements (Attachment 1 – Plat Maps):

- A 5,996 square foot Street and Highway Easement
- A 4,697 square foot Sanitary Sewer Facilities Easement
- A 19,489 square foot Temporary Construction Easement (36 months)
- A 20,853 square foot Temporary Access Easement (36 months)

Just compensation was determined by a third-party appraisal for the required property interests. A Notice of Decision to Appraise letter was sent out and a statutory Offer to Purchase was made to the owner of record. The appraisal valued the easements at a combined total of \$1,509,000. Upon review, staff found the appraisal to be fair and equitable.

Staff recommends that the City Council adopt the Resolution of Necessity and authorize the initiation of eminent domain proceedings to acquire the necessary property interests for the Project.

### **HEARING AND REQUIRED FINDINGS:**

On June 16, 2025, the required notices of hearing were sent by first-class mail to the record property owners. They specified the City's intent to consider the adoption of the Resolutions, the right to appear and be heard on the issues noted below, and that failing to file a written request to appear would result in a waiver of the right to appear and be heard. The City has scheduled the hearing at which all individuals who filed a written request within 15 days of the mailing date of the notices may appear and be heard.

The Resolutions require a two-thirds majority to adopt, and the City must make four (4) findings. The required findings and facts in support thereof are as follows:

I. Whether the public interest and necessity require the proposed public project.

Discussion: The Project will improve safety, eliminate significant vehicular delays, and improve access for emergency vehicles. The Burlington Northern Santa Fe (BNSF) railroad maintains three tracks at this location that are used for both freight and passenger (Metrolink and Amtrak) rail traffic, with plans for the addition of a 4<sup>th</sup> main track. Third Street is a key east-west arterial that links residential and retail areas in the downtown area of Riverside, carrying a total of 13,063 vehicles per day. John W. North High School is one mile east of the crossing, and approximately 67 school buses (with or without passengers) travel along the rail crossing each day. There is also a significant number of pedestrians walking across the tracks at Third Street, including those attending the nearby high school.

During construction, Third Street, between Vine Street and Park Avenue, will be closed to traffic. Each of the three existing BNSF tracks will be permanently relocated to the east of the existing tracks by approximately 75 feet. Detour routes will also be established around the construction site. Local access to residential and commercial properties will be provided during construction.

The Third Street at-grade crossing was ranked as the number 3 priority on the California Public Utilities Commission's California Grade Separation Priority list. Constructing the underpass would eliminate traffic delays caused by passing trains, alleviating congestion and increasing traffic efficiency. This improvement would enhance the arterial street, improve air quality, reduce noise related to traffic and train horns, eliminate train-vehicle

accidents, and boost public safety and the quality of life for nearby residents.

- II. Whether the proposed public project is planned and located in a manner that would be most compatible with the greatest public good and the least private injury.

Discussion: The design of the Project was selected based on an evaluation of capital costs, traffic circulation, right-of-way impacts, utility impacts, railroad maintenance and operations, roadway alignment, and constructability. The proposed Project is planned and located in a manner that will be most compatible with the greatest public good. The proposed construction will reduce traffic delays, accommodate increased traffic from increased movement of goods by rail from Southern California, the City of Riverside, and adjoining jurisdictions, and improve traffic safety on Third Street. Furthermore, the proposed Project is planned and located in a manner that will be most compatible with the least private injury, by limiting acquisition to those parcels and property interests that are essential to complete the proposed Project in a manner that enhances the health, safety, and welfare of the general public.

- III. Whether the property sought to be acquired is necessary for the proposed Project.

Discussion: The real property interests sought to be acquired are necessary for the construction of the proposed Project. The existing improvements are inadequate to accommodate increased traffic flow and volume on Third Street caused by the increased movement of goods by rail from southern California ports and distribution centers, as well as local growth in Riverside County, the City of Riverside, and adjoining jurisdictions, all of which will continue to increase. Unless these real property interests are acquired by eminent domain, the Project cannot be constructed as proposed.

- IV. Whether the offer required by Section 7267.2 of the Government Code has been made to each of the owners of record.

Discussion: Confirmation and identity of the record owners of the parcels affected by this proposed Project were made by ordering litigation guarantees and by obtaining the last equalized tax rolls. The statutory offers were then made to those property owners of record, based on an approved independent fee appraisal of fair market value, from October 2024 through March 2024.

## **STRATEGIC PLAN ALIGNMENT:**

This item contributes to the Envision Riverside 2025 City Council Strategic Priority **6** – Infrastructure, Mobility & Connectivity, specifically **Goal 6.2** – Maintain, protect and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability and facilitate connectivity.

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

1. **Community Trust** – Recommending that the City Council approve the Resolutions of Necessity confirms that the City prioritizes community safety while working with surrounding communities.
2. **Equity** – Recommending that the City Council approve the Resolutions of Necessity demonstrates equitable safety achievement for the city and surrounding communities by

minimizing capital costs, traffic circulation, right-of-way impacts, utility impacts, railroad maintenance and operations, and ensuring the community's safety.

3. **Fiscal Responsibility** – Recommending that the Resolutions of Necessity demonstrate that the City works diligently with its citizens to enhance the community's safety.
4. **Innovation** – Recommending that the City Council approve the Resolutions of Necessity demonstrates that the City is innovative and collaborative, working in concert with its residents to fulfill the goals and objectives of the grade separation.
5. **Sustainability & Resiliency** – Recommending that the City Council approve the Resolutions of Necessity will ensure the current and future reliability, resilience, and sustainability of the grade separation, improve our infrastructure's longevity, and enhance the City's preparedness for the future.

### **FISCAL IMPACT:**

The total fiscal impact related to the minimum cost to acquire the subject real property interests is \$1,509,000 which is based on an approved independent fee appraisal, which is the amount required to be deposited into the State Condemnation Fund as part of the eminent domain process. Adequate funds to cover this amount are available in the TUMF Fund, Third Street Grade Separation project account 9990119-440315.

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Approved by:	Jennifer Lilley, Community and 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:	Rebecca McKee-Reimbold, Interim City Attorney

### **Attachments:**

1. Plat Maps
2. Resolution of Necessity