



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 19, 2023

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 5
DEPARTMENT

**SUBJECT: PURCHASE, SALE AND DEVELOPMENT AGREEMENT WITH VAN BUREN
MAGNOLIA LLC FOR THE SALE OF APPROXIMATELY 48,352 SQUARE FEET
OF VACANT CITY-OWNED LAND LOCATED AT THE SOUTHEAST CORNER
OF VAN BUREN BOULEVARD AND MAGNOLIA AVENUE, BEARING
ASSESSOR'S PARCEL NUMBERS 233-022-059 AND 233-022-076, FOR THE
SALES PRICE OF \$170,000**

ISSUE:

Approve the Purchase, Sale and Development Agreement with Van Buren Magnolia LLC for the sale of approximately 48,352 square feet of vacant City-owned land located at the southeast corner of Van Buren Boulevard and Magnolia Avenue, bearing Assessor's Parcel Numbers 233-022-059 and 233-022-076, for the sales price of \$170,000.

RECOMMENDATIONS:

That the City Council:

1. Approve the Purchase, Sale and Development Agreement (Attachment 1 – Agreement) with the Van Buren Magnolia LLC for approximately 48,352 square feet of vacant City-owned land (Property), for the sales price of \$170,000; and
2. Authorize the City Manager, or designee, to execute the Agreement, including making minor and non-substantive changes, to sign all documents and instruments necessary to complete the transaction, and to expend up to \$10,000 for title, escrow, and miscellaneous related closing costs.

BACKGROUND

On July 8, 2020, staff provided information to the Financial Performance and Budget Committee (FPBC) on twenty City-owned properties with potential economic benefits to either generate sales revenue or reduce operating costs to the General Fund. Out of those twenty properties, staff recommended ten properties be considered for surplus declaration. The FPBC directed staff to present the list of twenty properties to the Budget Engagement Commission (BEC) for their recommendation and then return to the FPBC for further consideration.

On September 10, 2020, as directed, staff presented a list of twenty-two potential City-owned properties to the BEC to determine which specific properties, if any, should be recommended to City Council to be declared as surplus for staff to sell as a possible solution to generate sale revenue to address the CalPERS Challenge and financial impacts associated with COVID-19. It should be noted that two properties controlled by the Public Works/Parking Authority (Parking Lots 1 and 16) were separated from the Museum of Riverside and the existing Main Library and were shown as separate properties. As such, there were twenty-two properties for the BEC's consideration instead of the twenty properties that were originally presented to the FPBC. The BEC recommended that fifteen properties be retained by the City and seven properties be considered for sale and directed staff to present those properties with their recommendations to the FPBC prior to seeking City Council approval to act on the recommendations.

On October 14, 2020, staff presented a list of twenty-two City-owned properties to the FPBC to determine which specific properties, if any, should be recommended to City Council to be declared as surplus. The FPBC directed staff to return to the FPBC to present seven properties as recommended by the BEC to be considered for sale, along with any additional updated information from staff on the status of these properties.

On February 12, 2021, staff provided information to the FPBC to present seven City-owned properties to be retained, leased, or declared as surplus. The FPBC recommended that staff present the list of seven properties to City Council to be declared as surplus.

On May 25, 2021, City Council adopted a resolution to declare six City-owned properties as surplus property, of which the subject properties were included, and authorize the marketing and sale of these properties pursuant to Assembly Bill 1486 and in accordance with the City's Administrative Manual 8.003.00 for the Disposition and Sale of City-Owned Real Property. The former Riverside Golf Course was originally included with the list of seven properties to be considered for surplus declaration. However, the former Riverside Golf Course was presented separately combined with the Ab Brown Sports Complex and Pellissier Ranch sites in anticipation of the issuance of a Request for Proposals for a Master Developer to facilitate the development vision of the Northside Specific Plan.

DISCUSSION:

The total property contains approximately 48,352 square feet, is zoned Commercial Retail (CR) and the General Plan designation is Mixed Use - Village. As a response to address the CalPERS challenge and financial impacts associated with COVID-19, the Property was declared as surplus and marketed for sale. Below is an aerial of the Property outlined in yellow.

The City had the Property appraised by an independent third-party appraiser as part of the surplus disposition process. The appraiser concluded a value of \$170,000. Staff has reviewed the appraisal and has determined that the sales price represents the current fair market value for the Property and recommends entering into the Agreement.

In May 2021, the potential buyer applied for a parking variance and was informed by Planning staff of potentially acquiring the subject Property to meet the parking requirements at that time for their development. After meeting the requirements of AB 1486, staff began negotiations with Van Buren Magnolia, LLC, Desiree Nutley, owner. Ms. Nutley agreed to the terms of the Agreement and the appraised value of \$170,000.



The Public Works Director and Parking Authority Manager concur with the recommendations in this report.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Plan Priority No. 5 – High Performing Government**, and **Goal 5.4:** Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

The item also 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. By approving the Agreement, the City demonstrates that Riverside is committed to serve the public interest, benefitting the City’s diverse populations that results in greater public good.
- 2. Equity** – The City supports racial, ethnic, religious, sexual orientation, identity, geographic, and other attributes of diversity and 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 the benefits of community progress with the approval of the Agreement and for the property to remain as a parking lot.
- 3. Fiscal Responsibility** – The City is a prudent steward of public funds and approving the Agreement ensures responsible management of the City’s financial resources while providing quality public services to all.
- 4. Innovation** – The City is inventive and timely in meeting the community’s changing needs. By approving the Agreement, the City demonstrates how it prepares for the future through

this collaborative partnership with Van Buren Magnolia, LLC for the commercial development.

- 5. Sustainability & Resiliency** – The City is committed to meeting the needs of the present without compromising the needs of the future. Approving the Agreement ensures the City’s capacity to persevere, adapt and grow during good and difficult times alike.

FISCAL IMPACT:

The total fiscal impact is estimated to be \$170,000 less all title, escrow, and miscellaneous related costs, for a total not to exceed \$10,000. The estimated net proceeds from the sale in the amount of approximately \$160,000 shall be deposited into Parking Fund, Sale of Land & Buildings revenue account number 0000570-380010.

Prepared by: Jennifer A. Lilley, AICP, Community & Economic Development Director
Certified as to availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

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