



City of Rialto

Legislation Text

File #: 18-365, **Version:** 1

For Economic Development Committee Meeting [April 25, 2018]

TO: Honorable Economic Development Committee Members

APPROVAL: Robb R. Steel, Interim City Administrator

FROM: John Dutrey, Project Manager

Request the Economic Development Committee consider extending the escrow period for six months and depositing \$115,000 related to County Property at southwest corner of Casmalia Avenue and Alder Avenue.

BACKGROUND:

On June 13, 2017, the City Council approved an Amended and Restated Purchase and Sale Agreement ("Agreement") between the City and the County of San Bernardino for the purchase of County property (portions of APN 1119-241-01 and 02) consisting of approximately 13.22 acres situated south of Casmalia Avenue and west of Alder Avenue ("Property"). Attached is a map showing the subdivision of the site into two parcels (**Exhibit A**).

The Property consists of two parcels: a 6.00 acre parcel beginning at Alder Avenue and going westerly ("Six Acre Parcel") and a second parcel of 7.22 acres situated west of the Six Acre Parcel ("Seven Acre Parcel"). The Agreement provides the City an option to purchase the entire site or each parcel individually. The purchase price for each parcel is \$2,300,000 or \$4,600,000 total.

The City initially intended to convey the Six Acre Parcel to Arrow United for a heavy metal recycling facility and seek a buyer for the Seven Acre Parcel. On August 25, 2017, Arrow United terminated its option to purchase the Six Acre Parcel.

On September 11, 2017, the City Council directed staff to proceed with acquisition and replace Arrow United's escrow deposit of \$115,000. On September 25, 2017, the due diligence period ended and escrow released the City's deposit to the County.

ANALYSIS/DISCUSSION:

The City has until June 29, 2018, to either close escrow or extend escrow for an additional six months by releasing an additional \$115,000 to escrow. The City needs to decide by December 29, 2018 to purchase one or both parcels. All deposits are non-refundable, but applicable to the purchase price.

On October 24, 2017, the City Council approved a Professional Services Agreement with Kosmont for \$44,500 to initiate marketing efforts to seek RV and auto dealers. On February 13, 2018, the City Council amended the PSA. In March 2018, Kosmont provided an update of its activity (**Exhibit B**). In addition, it retained Nadel to prepare a development map concept (**Exhibit C**).

On April 10, 2018, staff met with one RV dealer that indicates interest. Staff followed up with information requested by the dealer. Kosmont is scheduling a second meeting with this dealer.

As noted above, the City needs to decide by June 29, 2018, to deposit \$115,000 or the Agreement ends and the City forfeits \$115,000. By December 2018, the City must close escrow and pay \$2,300,000 or \$4,600,000 to acquire the property.

RECOMMENDATION:

Staff recommends that the EDC recommend to the City Council authorize staff to make a second deposit of \$115,000 to extend escrow for an additional six months from June 29, 2018 to December 29, 2018.