



# City of Rialto

## Legislation Text

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**File #:** 18-691, **Version:** 1

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For City Council Meeting [August 14, 2018]

TO: Honorable Mayor and City Council

APPROVAL: Ahmad R. Ansari, Interim City Administrator

FROM: Robb R. Steel, Assistant CA/Development Services Director

Request City Council Approve the Recording of the Substitution of Trustee and Full Reconveyance to release the Deed of Trust. Waive the City's Right of First Refusal to Purchase the Property situated at 130 S. Willow Avenue (known as APN 0130-211-36).

**(ACTION)**

### **BACKGROUND**

On July 21, 1987, the City and Geread McNearney entered into a Contract for Sale and Note ("Contract"), wherein the City sold a parcel of 7,500 square feet (known as APN 0130-211-36) situated at 130 S. Willow Avenue developed with the former McNearney Family Mortuary adjacent to the Public Works Department facility ("Parcel"). Article 5 of the Contract provided the City with a Right of First Refusal in case of a future sale (RFR) and the City provided a loan of \$22,500 secured by a Deed of Trust ("Loan").

The former mortuary utilized the Parcel for parking in combination with a larger parcel of 0.57 acres including the vacant mortuary building (collectively known as the "Property"). The Contract (**Exhibit A**) and site map (**Exhibit B**) are both attached.

### **ANALYSIS/DISCUSSION:**

SCI California Funeral Services ("SCI"), the Property owner, may have a buyer to acquire the Property. SCI submitted a letter (**Exhibit C**) asking the City whether it intends to exercise its option to purchase the Parcel pursuant the RFR. If the City passes on the option, SCI requests the City surrender the RFR to the specific purchaser.

SCI further requests the City release the Deed of Trust related to the City's Loan. The loan required sixty (60) monthly payments of \$400.00 (including 10% interest per annum) commencing on September 1, 1987 and ending on August 1, 1992. The Finance Division and the Treasurer's Office cannot find evidence of an unpaid loan balance in the City's financial statements, suggesting that the debt was retired. The City disposed of all financial documents prior to 1993. In July, Staff contacted Dann Narveson, principal with SCI, and he informed that SCI has no documentation regarding the Loan.

On April 25, 2018, the Economic Development Committee considered the RFR and recommended the City Council waive the RFR if the proposed buyer purchases the Property.

**ENVIRONMENTAL IMPACT:**

Pursuant to Section 15378 of the California Environmental Quality Act, a “Project” means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. A Project does not include the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment.

**GENERAL PLAN CONSISTENCY:**

The proposed action is consistent with the following Guiding Principle of the General Plan:

“Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.”

**LEGAL REVIEW:**

The City Attorney has reviewed and approved this staff report and the Substitution of Trustee and Full Reconveyance.

**FINANCIAL IMPACT:**

Operating Budget Impact

Releasing the RFR has no impact to the Operating Budget. This action shall deem the loan paid in full, notwithstanding the lack of evidence due to the age of the obligation.

Capital Improvement Budget Impact

Release of the RFR has no impact to the Capital Improvement Budget.

**RECOMMENDATION:**

Staff recommends that the City Council approve the Recording of the Substitution of Trustee and Full Reconveyance (**Exhibit D**) to release the Deed of Trust. Waive the City’s Right of First Refusal to Purchase the Property situated at 130 S. Willow Avenue (known as APN 0130-211-36).