



City of Rialto

Legislation Text

File #: CC-19-1091, **Version:** 1

For City Council Meeting, and for City Council acting as the Successor Agency to the Redevelopment Agency Meeting (December 10, 2019)

TO: Honorable Mayor and City Council
APPROVAL: Rod Foster, City Administrator
FROM: Matt Schneider, Community Development Director

Request the Successor Agency to the Redevelopment Agency of the City of Rialto Adopt **Resolution No.7580** which approves the Agreement for the Purchase and Sale of Real Property and Joint Escrow Instructions for property owned by the Successor Agency and generally located at the northeast corner of Laurel Avenue and Renaissance Parkway, and more particularly identified as Assessor's Parcel Number 0240-211-21, to Orbis Real Estate Partners, LLC and forward it to the Countywide Oversight Board, and Request City Council set a Public Hearing for **January 14, 2020** to consider an Agreement for the Purchase and Sale of Real Property and Joint Escrow Instructions with Orbis Real Estate Partners, LLC, for land that is owned by the City and proposed to be vacated and generally described as APN 0240-211-31 and located at the northwest intersection of Laurel Avenue and Renaissance Parkway.

BACKGROUND

Successor Agency: On May 23, 2006, the Successor Agency purchased a vacant parcel, approximately 2.84 acres in area, located at the northeast corner of Laurel Avenue and Renaissance Parkway (Exhibit B). In February 2012, the State of California dissolved all redevelopment agencies and the vacant property became an asset of the Community Redevelopment Property Trust Fund (Trust Fund).

Pursuant to HSC Section 34191.5(b) the Successor Agency was required to create a Long Range Property Management Plan (LRPMP) that outlined all properties in the Trust Fund and their planned disposition. Per HSC section 34191.5(2) properties could be: a) retained for a governmental purpose, b) retained for future development, c) sold, or d) used to fulfill an enforceable obligation.

The Successor Agency submitted its LRPMP to the Department of Finance (DOF) on December 8, 2014 and received DOF approval on March 10, 2015. The LRPMP was subsequently amended and the final LRPMP, Amendment #3, received final DOF approval on August 12, 2016.

Included in the approved LRPMP is Project 25 - Laurel Avenue and Renaissance Parkway, a vacant parcel of approximately 2.84 acres (Site), an excerpt of which is attached as Exhibit C. Project #25 of the LRPMP also referenced Attachment A - Property Disposition Procedures, Strategies and Priorities, which provides a description of the disposition of the Site and is attached hereto as Exhibit D. According to Attachment A of the LRPMP the Successor Agency had the option to acquire the Site

and if it chose not to then the Site was to be sold. The Successor Agency declined its option to acquire the Site and as directed by the LRPMP the Site was then available to be sold.

City Council: In 2016 the City of Rialto purchased a vacant property that is approximately 1/3 of an acre in size. The land was purchased for street right of way purposes for the future Laurel Avenue, north of Renaissance Parkway.

Orbis Real Estate Partners, LLC (Buyer) has approached the City requesting to purchase both the Successor Agency parcel (identified above), and the City's parcel, and merge them both in order to build a proposed industrial development.

ANALYSIS/DISCUSSION

Successor Agency: On August 13, 2019, the Successor Agency and Buyer entered into an Exclusive Right to Negotiate and an appraisal was done to determine the value of the Site. The appraisal, attached as Exhibit E, was completed in August 2019 and the value of the Site was determined to be \$2,720,000 which the Buyer has agreed to.

The Agreement for the Purchase and Sale of Real Property and Joint Escrow Instructions (PSA) between the Successor Agency and the Buyer is an Exhibit to the attached Resolution (Exhibit A). As a condition of closing on the sale of the Site, the PSA provides a 9 month time frame for the Buyer to obtain all necessary land use entitlements for a proposed industrial warehouse development including, but not limited to, environmental review, a zone/specific plan change, a parcel map, and a street vacation of Laurel Avenue north of Renaissance Parkway. The PSA also includes the ability to extend the entitlement time frame with up to 2 one month extensions provided the Buyer is making diligent efforts to complete the entitlement process. Consistent with California Health and Safety Code 34181(f) (HSC) and the LRPMP, the close of escrow is also subject to the approval of the San Bernardino Countywide Oversight Board (CWOB) and DOF review.

Once the Site is sold, the net sale proceeds will be remitted to the County Auditor-Controller for distribution to the affected taxing entities, including the City of Rialto, in proportion to their respective tax rate of the 1% general tax levy as shown on Exhibit F. The City's tax rate is approximately 14.1%, thus the City will receive approximately \$375,000 from the net sales proceeds after closing costs are deducted from the sales price.

City Council: The City of Rialto is currently negotiating a Purchase and Sale Agreement with the Buyer for the City owned vacant land located at the northwest corner of Laurel Avenue and Renaissance Parkway. On October 23, 2019 the Buyer presented a concept site plan and elevations for the proposed industrial development to the Economic Development Committee. At this meeting the Buyer also presented their intent to submit a street vacation application for Laurel Avenue, north of Renaissance Parkway, as part of a future parcel map submittal.

Government Code Section 52201(a)(1) requires that before the City can consider the sale of property a public hearing must be held. The Government Code also requires the notice include the time and place of the public hearing and that it be published in a newspaper at least once per week for at least two successive weeks prior to the City Council's consideration of the sale.

The Purchase and Sale Agreement is planned to be presented to the City Council at the January 14,

2020 meeting. The terms of the PSA will be similar to those of the Successor Agency parcel and will also include the provision that the parcel owned by the Successor Agency to the east must also be purchased. The notice to set the Public Hearing is attached as Exhibit G.

ENVIRONMENTAL IMPACT

The proposed PSA for the Successor Agency, as well as the proposed public hearing notice for the City Council, are not a “Project” as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), 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. According to Section 15378(b), a Project does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

GENERAL PLAN CONSISTENCY

The City of Rialto has identified several goals and objectives within the City’s recently adopted General Plan through which the City looks to improve the community. The proposed actions by both the Successor Agency and the City Council are consistent with the following goals and objectives contained in the General Plan:

Goal 3-1: Strengthen and diversify the economic base and employment opportunities and maintain a positive business climate.

Policy 3-1.2: Encourage a variety of businesses to locate in Rialto, including retail, high technology, professional services, clean industries, logistics-based businesses, and restaurants/entertainment uses to promote the development of a diversified local economy.

Goal 3-3: Attract, expand, and retain commercial and industrial businesses to reduce blighted conditions and encourage job growth.

LEGAL REVIEW:

Counsel from the City Attorney’s office has reviewed and supports this staff report and the Purchase and Sale Agreement and Joint Escrow Instructions.

FINANCIAL IMPACT:

Operating Budget Impact

There are minimal costs associated with the preparation of the PSA, as well as the noticing requirements for the City Council. For the PSA, the City is a taxing entity and therefore will receive a share of the proceeds from the sale of the Site.

Capital Improvement Budget Impact

This action has no impact to the Capital Budget

RECOMMENDATION:

1. Request the City Council, acting as the Successor Agency to the Redevelopment Agency of the City of Rialto, adopt the attached Resolution which approves the Agreement for the Purchase and Sale of Real Property and Joint Escrow Instructions and forward it to the Countywide Oversight Board for

approval and Department of Finance for review.

2. Request the City Council set a Public Hearing for January 14, 2020 to consider the Agreement for the Purchase and Sale of Real Property and Joint Escrow Instructions and direct the City Clerk to publish the required public notice.