



Agenda Report

File #: 19-0699

AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

DATE: 9/4/2019

TO: Honorable Mayor and City Council Members

FROM: Management Services-Economic Development

SUBJECT:

City Council consideration of a Purchase and Sale Agreement with Corona Industrial Park, LLC for the purchase of 4,360 square feet of improved property along Rincon Street; and an appropriation of \$277,389 from the Electric Utility Fund (578).

RECOMMENDED ACTION:

That the City Council:

1. Approve and authorize the City Manager to execute a Purchase and Sale Agreement with Corona Industrial Park, LLC and take all related actions for the acquisition of a portion of Assessor Parcel Number 119-210-026 for the final purchase price of \$277,389
2. Authorize an appropriation of \$277,389 into the Department of Water and Power's Operating budget from the available working capital in the Electric Utility Fund (578).
3. Authorize the Assistant City Manager/Administrative Services Director to approve additional budgetary adjustments as needed for the acquisition of the property.

ANALYSIS:

In early 2018, Corona Industrial Park, LLC (Developer) acquired property located at 1138 West Rincon Avenue, commonly referred to as the former Dairy Farmers of America Cheese Plant, for the purpose of developing three industrial buildings totaling approximately 731,000 square feet. Shortly after the Developer acquired the property the City of Corona Department of Water and Power approached the Developer expressing an interest in acquiring a small portion of property at the north west corner of the site for construction of a City owned power distribution facility, which will serve as a wholesale distribution access tariff (WDAT) connection point. The Developer expressed interest in selling a portion of the property and a City commissioned appraisal performed in February of 2018 valued the 4,360 square foot parcel at \$32,000.

The City further negotiated with the Developer to have the parcel delivered with the following on-site improvements: 1) grading of the parcel and a pad for the for the power distribution facility; 2) construction of an access driveway; 3) construction of a retaining wall; and 4) installation of wrought iron fencing. Having the Developer deliver the parcel with the above improvements will result in cost savings for the City since the Developer's construction crews will already be mobilized at the development site. The on-site cost was determined to be \$245,389 for a total purchase price of \$277,389.

The price and terms of payment for the parcel were presented to the City Council in closed session on September 5th, 2018 at which time direction was given to move forward with a purchase and sale agreement.

City Staff recommends that the City Council approve and authorize the City Manager to execute the attached Purchase and Sale Agreement with Corona Industrial Park, LLC within the following parameters:

- Acquire the subject property for the appraised value of \$32,000 plus \$245,389 for the on on-site improvements and pay 50% of all associated title, escrow and recording fees;
- Enter into escrow, and if necessary, extend escrow by mutual written consent as necessary to complete the transaction;
- Execute all related escrow documents, including the Grant Deed and Certificate of Acceptance

COMMITTEE ACTION:

The project proposal was discussed at the Infrastructure Committee held on June 6, 2018.

STRATEGIC PLAN:

Not Applicable

FISCAL IMPACT:

Approval of the recommended actions will result in an appropriation in the amount of \$277,389 into the Department of Water and Power's operating budget.

Fund	07/01/19 Est. Working Capital	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	Working Capital Impacts	06/30/20 Est. Working Capital
Electric Utility Fund 578	\$16,847,455	\$17,383,692	(\$20,602,528)	Appropriation (\$277,389)	\$13,351,230

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action merely approves the City's acquisition of a parcel of real property and any future development of the property will be subject to review under CEQA prior to development.

Therefore, there is no possibility that approving this purchase and sale agreement will have a significant effect on the environment and no environmental analysis is required at this time.

PREPARED BY: RYAN CORTEZ, ECONOMIC DEVELOPMENT COORDINATOR

REVIEWED BY: TOM KOPER, P.E., ASSISTANT PUBLIC WORKS DIRECTOR

REVIEWED BY: TOM MOODY, GENERAL MANAGER

REVIEWED BY: JAMIE RAYMOND, CHIEF DEPUTY CITY ATTORNEY

REVIEWED BY: DEAN DERLETH, CITY ATTORNEY

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: MITCHELL LANSDELL, ACTING CITY MANAGER

Attachments:

1. MAI Appraisal
2. Purchase and Sale Agreement