



Agenda Report

File #: 20-0259

AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

DATE: 04/01/2020

TO: Honorable Mayor and City Council Members

FROM: Public Works Department

SUBJECT:

City Council consideration of a Purchase and Sale Agreement for excess right-of-way at 210 Radio Road to Rexco Hayward, LLC., and authorize a General Fund revenue increase in the amount of \$37,200.

RECOMMENDED ACTION:

That the City Council:

- a. Authorize the City Manager to accept approximately 17,198 square-feet of property in a grant deed from Major Market Stations, Inc.
- b. Approve the Purchase and Sale Agreement with Rexco Hayward, LLC., for the sale of approximately 32,849 square-feet of property.
- c. Authorize the City Manager to execute the Purchase and Sale Agreement and any amendments thereto which are non-substantive or are otherwise in compliance with the City Council's actions hereunder.
- d. Authorize a General Fund revenue increase in the amount of \$37,200 for the Purchase and Sale Agreement.

ANALYSIS:

Rexco Hayward, LLC ("Developer") is the developer for the property located at 210 Radio Road, on the north side of Radio Road, south of the 91 Freeway, as shown on Exhibit "A." The Developer proposes to construct a new industrial building approximately 140,000 square-foot on a total of 6.62 acres. To facilitate the project, the Developer has requested to purchase a small parcel of real property from the City, which is located immediately to the northwest of the cul-de-sac termination

of Radio Road. The property that the Developer wishes to purchase from the City ("City Property") is shown on Exhibit "B." A portion of this property is currently held by Major Market Stations, Inc., ("Owner") and must first be granted to the City before the purchase and sale is complete.

In the process of reviewing the record drawings and deeds for the property, City staff and Title Company representatives could not locate any dedication for the right-of-way fronting 210 Radio Road, despite the existing improvements. A lot line adjustment in 1998 between the Owner and adjacent landowner of Parcel Map 28461 showed the right-of-way by excluding it from the meets and bounds description of the new parcels. However, given no other record of a dedication could be found, it is the City position that the right-of-way must be dedicated. The City has been notified that the Owner is in the process of selling all its real property and dissolving. In lieu of granting the right-of-way to the Developer for a future dedication, the Owner has agreed to grant the property to the City at no cost, as shown on Exhibit "C."

Most of the property granted from the Owner is within the right-of-way of Radio Road, and a portion of approximately 2,923 square-feet at the end of the cul-de-sac is considered excess right-of-way. This area, along with additional excess right-of-way currently held in fee by the City, comprises the area requested for purchase by the Developer. It is the Public Works Department's standard practice to acquire right-of-way by easement or fee as needed to maintain continuity with the surrounding street area. Since the City holds Radio Road as an easement rather than in fee title, the City will include the public right-of-way in the grant deed to the Developer, while reserving an easement for public right-of-way over Radio Road, as shown on Exhibit "D." The result will be no different than how the City's interest is held in Radio Road for the surrounding area. The Developer obtains no additional benefit from this except that in the future should the street right-of-way ever be vacated, the property would become the Developer's or their successor in title, as is the case for their neighbors.

Using money deposited by the Developer, the City commissioned an appraisal by Tucker Appraisal Service Corporation, which concluded that the City Property is worth approximately two dollars (\$2.00) per square-foot. Since the area contained with the public right-of-way easement for Radio Road amounts to no significant benefit to the Owner at this time, or possibly ever, the cost for that property was not included. The appraisal report analyzed the value of the land outside of the street right-of-way and determined that the parcels are in the M3 Zone and have a minimum site area of 1.0 acres. The report also concluded that the parcels are basically unbuildable without incorporating them into a larger project such as the one proposed by the Developer. The value of the land was determined through a sale comparison approach, which compares recent sales of similar properties. The full appraisal report is available for review upon request.

Public Works staff has reviewed the appraisal report and believes that the appraised amount of two dollars (\$2.00) a square-foot for the City Property is reasonably substantiated by the appraisal report. Staff also believes that selling the City Property will relieve the City of the liability and obligation to maintain the excess right-of-way at the end of Radio Road.

Upon close of escrow, the City Property would be transferred to the Developer in the form of a grant deed, which will be part of a future lot line adjustment to facilitate the development. Staff

recommends the sale of the City Property under the following conditions:

- (1) The purchase price is \$37,200;
- (2) The Developer shall pay all title and escrow costs; and
- (3) The Developer shall deposit funds to cover all City costs for the preparation and execution of the Purchase and Sales Agreement.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

The Developer is responsible for the purchase price of \$37,200 and all other costs as noted in this Agenda Report. Approval of the recommended actions will result in a General Fund revenue increase of \$37,200.

GENERAL FUND	
Budget Workshop May 23, 2019 - Estimated Revenue Over Expenditures	\$ 152,247
Previously approved/revised budget adjustments (net)*	<u>338,685</u>
Current Revenue Over Expenditures	490,932
Purchase and Sale Agreement Revenue	<u>37,200</u>
Revised Estimated Revenue Over Expenditures	\$ 528,132
Budget Balancing Measures Reserve - Actual 06/30/19	34,433,788
Estimated FY 2019-20 Change in Budget Balancing Measures Reserve	<u>528,132</u>
Estimated Budget Balancing Measures Reserve - 06/30/20	\$ 34,961,920

** Approved through Council Action or other operational process.*

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 simply authorizes the transfer of a small portion of open space property to the adjacent property owner for incorporation into a future lot line adjustment, and there is no possibility that this action will have a significant effect on the environment. Therefore, no environmental analysis is required, and staff will file a Notice of Exemption with the County of Riverside.

PREPARED BY: CHRISTOPHER HORN, P.E., SENIOR ENGINEER

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

REVIEWED BY: KIM SITTON, ACTING ADMINISTRATIVE SERVICES DIRECTOR

SUBMITTED BY: JACOB ELLIS, CITY MANAGER

Attachments:

1. Exhibit A - Location and Boundary Map
2. Exhibit B - Map Depicting Property to be Granted from the City to the Developer
3. Exhibit C - Map Depicting Property to be Granted from Major Market Stations, Inc. to the City
4. Exhibit D - Map Depicting Easement Area to be Reserved for Radio Road
5. Purchase and Sale Agreement