



Legislation Details (With Text)

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File created: 4/12/2018 **In control:** City Council

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Title: City Council consideration of purchase and sale agreement for the purchase of 315 W. Seventh Street for the appraised value of \$77,000.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit 1: AS-HA-PROP DISP - BELLE_SHEREIDAN_7TH - PASA WITH CORONA SOUTH MAIN DEVELOPMENT TO ACQUIRE 315 W._Final, 2. Exhibit 2: Property Depiction_315 W. Seventh St., 3. Exhibit 3: Appraisal - Narrative - Doverspike & Assoc. (2017-08-09)

Date	Ver.	Action By	Action	Result
4/18/2018	1	City Council	approved	

AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

DATE: 4/18/2018

TO: Honorable Mayor and City Council Members

FROM: Management Services-Economic Development

SUBJECT:

City Council consideration of purchase and sale agreement for the purchase of 315 W. Seventh Street for the appraised value of \$77,000.

RECOMMENDED ACTION:

That the City Council approve and authorize the City Manager to execute a Purchase and Sale Agreement with Corona South Main Development, L.P. and take all related actions for the acquisition of 315 W. Seventh Street for the full MAI appraised value of \$77,000 and under the conditions noted in the agenda report.

That the City Council Authorize the Assistant City Manager/Administrative Services Director to approve additional budgetary adjustments as needed for the disposition of the property, with no net impact to the General Fund.

ANALYSIS:

On March 15, 2017 the City of Corona ("City") and the City of Corona Housing Authority ("Housing

Authority”) entered into an Exclusive Negotiation Agreement for 180 days with The Boureston Companies and Sudweeks Development and Investment Company,LLC (“Developer”) for the purpose of engaging in exclusive negotiations regarding a potential future agreement between Developer, City and the Housing Authority for the sale of 11 parcels owned by the Housing Authority and 1 parcel owned by the City generally located between East Sixth Street, West Eight Street between South Bell Avenue and South Sheridan.

During the 180 day exclusive negotiation period, the Developer conducted due diligence and appraised the above 12 parcels along with another adjacent privately-owned parcel located at 315 West Seventh Street (“Subject Parcel”), which the Developer believes is necessary for the project they intend to develop. The City reviewed and accepted the appraisal for the Subject Parcel and elected to negotiate with the owner of the Subject Parcel to acquire it so that the Subject Parcel could be acquired by Developer along with the 12 parcels owned by the Housing Authority and the City, thereby ensuring the City with a project. The City successfully came to terms with the owner of the Subject Parcel for the City’s acquisition of the Subject Parcel for the appraised value and is prepared to acquire the (.19) acre parcel with the intentions to enter into a Disposition and Development Agreement with the Developer for all (13) Parcels at a later date. In the event the developer fails to move forward with a project and enter into a Disposition and Development Agreement for all (13) Parcels the City will retain ownership of the Subject Parcel.

City staff recommends that the City Council approve and authorize the City Manager to execute the attached Purchase and Sale Agreement with Corona South Main Development, L.P. within the following parameters:

- Acquire the Subject Parcel for an amount not to exceed \$77,000 and pay all associated title fees and 50% of all 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 Grant Deed and Certificate of Acceptance; and
- Authorize City staff and/or third-party consultants or contractors to enter the Subject Parcel on City’s behalf for the inspection and other due diligence activities.

COMMITTEE ACTION:

The project proposal was discussed at the Infrastructure Committee held on July 31, 2017.

STRATEGIC PLAN:

This item supports the City’s Strategic Plan Goal 2: Focus on the Revitalization of the Downtown Area: Sixth and Main.

FISCAL IMPACT:

The City is responsible for the acquisition price of \$77,000 plus associated escrow and closing cost as noted in the agreement. This one-time funding will be appropriated from the General Fund’s Budget Balancing Measures Reserve.

General Fund	
Budget Workshop May 24, 2017 - Estimated Revenue Over Expenditures	(\$2,172,529)

Previously approved budget adjustments (net)	600,682
Mid-Year Revised Revenue Projections	<u>804,199</u>
Current Estimated Revenue Over Expenditures	(767,648)
Appropriation for Purchase and Sale	<u>(77,000)</u>
Estimated Amount from Budget Balancing Measures Reserve	(\$844,648)
Budget Balancing Measures Reserve - Estimated for 07/01/17 (Updated)	\$28,945,252
Use of Budget Balancing Measures Reserve - 12/20/17	(8,300,000)
Estimated Use of Budget Balancing Measures Reserve FY 2017-18	<u>(844,648)</u>
Budget Balancing Measures Reserve - Estimated Balance 06/30/2018	\$19,800,604

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: PATRICA SONG, FINANCE 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

SUBMITTED BY: DARRELL TALBERT, CITY MANAGER