



Legislation Text

File #: 21-999, **Version:** 1

FROM:

Administrative Services

SUBJECT:

Approve the Purchase and Sale Agreement between the City of Fontana and Rosemead Properties, Inc.

RECOMMENDATION:

1. Approve a Purchase & Sale Agreement between the City of Fontana and Rosemead Properties Inc. for the sale of two vacant properties located on the South-West corner of Arrow Blvd. and Citrus Avenue.

2. Authorize the City Manager to execute any documents necessary or appropriate to effectuate said approvals and/or agreement.

COUNCIL GOALS:

- To promote economic development by pursuing business retention, expansion and attraction.
- To promote economic development by being business friendly at all levels of operation.
- To promote economic development by striving to constantly improve the city's competitiveness.

DISCUSSION:

The City of Fontana owns the property and building located at 8440 Nuevo Avenue in Downtown Fontana. That building and property are currently leased to Water of Life Church (WOL) for their CityLink outreach and ministry. Services being delivered by CityLink at the Nuevo Avenue facility include food and clothing distribution, assistance with utilities, classes and education programs, an annual Community Resource Fair and assistance with the re-entry support team.

Recently, the City of Fontana and WOL have been working cooperatively to find an alternative location for the CityLink ministry and services. The City wishes to utilize the Nuevo Avenue property as part of efforts to revitalize Downtown Fontana and WOL needs a larger facility for their services and outreach.

The City and WOL approached Rosemead Properties about the possible sale of their property located on the South-West corner of Arrow Blvd and Citrus Avenue. The Rosemead Properties land includes two vacant parcels, encompassing approximately 4.65 acres of land. The property is currently zoned as general commercial and is surrounded by retail, commercial and multi-family land uses.

Following discussion on a possible sale between the City of Fontana and Rosemead Properties, an

MAI appraisal was completed. The value of the property has been determined to be \$3,040,000. The City of Fontana and Rosemead properties have negotiated a Purchase Agreement for the sale of this property, which includes the following proposed deal points;

- The City of Fontana would purchase two parcels of vacant land located on the South-West corner of Arrow Blvd. and Citrus Avenue from Rosemead Properties.
- The two parcels (APN #0232-201-12 and #0232-201-13) encompass approximately 4.65 acres of land.
- The purchase price will be \$3,040,000 plus a portion of any/all appropriate escrow and title fees.
- The City and Rosemead Properties will cooperate on a 1031 exchange.
- A Resolution of Necessity hearing and approval will be required by the City of Fontana prior to - and as a condition to the close of escrow.
- The Resolution of Necessity hearing requirement necessitates that the City of Fontana purchase the property directly from Rosemead Properties.
- The City will have sixty days to perform any due-diligence on the subject property, including completion of an environmental assessment and Title review.
- Following the due-diligence period the City will have a thirty-day financing period to complete all hearings and documents necessary for the close of escrow.
- Upon sale and transfer of the property, the City of Fontana intends to complete the Surplus Land Act process and re-sell the property for full market value.
- The ultimate use of this property, when acquired and re-sold, will be as a facility and offices for WOL/CityLink - for their delivery of services to the Fontana community.

Approval of the Purchase Agreement between the City of Fontana and Rosemead Properties will facilitate the relocation of CityLink to an alternative location at the South-West corner of Arrow Blvd. and Citrus Avenue. That relocation will allow the City to complete plans for the revitalization of Downtown Fontana.

FISCAL IMPACT:

Monies are available for the sale of these properties, totaling approximately \$3.1M - in Fund 601 - Capital Reinvestment.

MOTION:

Accept staff recommendation.