

## **Former Riverside Golf Club Property FAQ**

### QUESTION ONE

#### Why is the property not included on the Successor Agency Long Range Property Management Plan?

The City of Riverside owns the property, not the Successor Agency.

The former RDA never acquired the property but only funded the asset transfer of the property from the City of Riverside Public Utility (RPU) to the City of Riverside General Fund.

Please note that this fund transfer only covered 64 acres of the larger 125 acre former Riverside Golf Club site and a legal description was not prepared for this fund transfer.

The remaining portions of the site are owned by the City of Riverside and controlled by the RPU (Water) fund

The Ab Brown Sports Complex Park is owned by the City and controlled by the RPU (Electric) fund.

### QUESTION TWO

#### Why is title to the property not vested in the former RDA?

The former RDA never acquired the property.

The former RDA only funded the asset transfer of the property from RPU to the City's General Fund.

Former RDA's were allowed to provide a funding source with the objective of eliminating blight. RDA's do not always have to acquire property to eliminate blight.

### QUESTION THREE

#### Why is there no grant deed from the City to RPU?

The Riverside Public Utility is a department within the City of Riverside and does not exist as an independent entity.

A fund transfer is the proper way to account for transferring the property from the City to RPU but property ownership was never conveyed between two independent entities so title vesting remained constant in the name of the City of Riverside.

The City originally acquired the property in the 1930's for \$20. On October 18, 1948, the City conveyed a portion of the property to the County of Riverside for \$10. However, on January 5, 1953, the County of Riverside conveyed this portion of the property back to the City for \$16,739.50.

#### QUESTION FOUR

##### Why would the former RDA fund this transaction?

The RDA fund transfer meets two objectives:

RPU is compensated at market value; and

It allowed the City to undertake an economic development project in compliance with the former redevelopment law.

#### QUESTION FIVE

##### Why did City fund transfer from RPU (Water) to RPU (Electric)?

The City of Riverside Public Utilities Water fund needed to monetize the asset to increase its cash reserves, so the City of Riverside Public Utilities Electric Fund paid cash to transfer the asset from the Water fund to the Electric fund

Since the former Redevelopment Agency intended to compensate the City of Riverside Public Utilities with a promissory note, the RPU (Water) fund did not have sufficient cash reserves to finance the debt while maintaining an appropriate reserve level, but the RPU (Electric Fund) did have such a capacity while also meeting the need by the Water Fund to monetize the asset.

#### QUESTION SIX

##### Was this transfer required by Proposition 218?

This fund transfer was not required by Proposition 218 but the fund transfer did comply with Proposition 218.

The RPU (Water) fund to RPU (Electric) fund transfer was to monetize the Water fund at market value, where the market value transfer caused compliance with Proposition 218.

Market value was determined by an appraisal completed on September 24, 2010, which considered Reid Park and an opinion of value provided by City staff.

The transfer of the asset from the RPU (Electric) fund to the City's General Fund was to make the property available for redevelopment and to compensate the Electric Fund at market value.

#### QUESTION SEVEN

What is the status of the RDA debt to RPU?

The debt is outstanding and continues to be due from the Successor Agency to RPU.

The original principal amount outstanding is \$4,837,500 and interest continues to accrue.

#### QUESTION EIGHT

If you can make debt service payments, then why are you not making them now?

The service of this debt was the subject of pending litigation with the Department of Finance (DOF).

The Successor Agency prevailed in trial court confirming the validity of the outstanding debt.

However, the DOF appealed the trial court decision which further delayed the debt service payments.

The Appellant Court has affirmed the trial court's decision validating the loan and debt owed by the Successor Agency.

Per DOF, debt payments will be funded beginning in January 2016.

#### QUESTION NINE

Could you forgive the debt and give the property back to RPU?

Yes.

However, since the City has won the lawsuit with the DOF, the Successor Agency will repay 100% of the outstanding debt to RPU.

#### QUESTION TEN

Do you have an agreement to develop the 10 acres at Columbia & Main for a grocery store?

No.

Staff intends to engage the local community for feedback prior to developing concepts and uses for the site.

#### QUESTION ELEVEN

Did the City of Riverside procure Mark Rubin for a commercial development?

No.

City had discussions with Mark Rubin several years ago regarding a potential commercial development on ten acres of the golf course site generally fronting Columbia, but that discussion has concluded and did not result in a project.

The City will competitively procure all potential projects and buyers going forward.

#### QUESTION TWELVE

Why did the Water Fund not transfer its portion of the site to the General Fund?

The RPU – Water Fund wanted to retain its portion for a potential site for a corporate yard maintenance area.

#### QUESTION THIRTEEN

How can the RPU- Water Fund sell property?

It can sell property at current fair market value subject to RPU Board and City Council approvals.

#### QUESTION FOURTEEN

Why was Reid Park funded by the RDA?

Reid Park was built in the 1950's on RPU (Water) controlled property.

RPU – Water transferred the property to RPU (Electric) to monetize the asset.

The former RDA only funded the asset transfer of the property from RPU to the City's General Fund at fair market value per an appraisal dated September 24, 2010, which considered Reid Park and a portion of the golf course site.

The RDA funded the asset transfer to prevent blight and so that Reid Park can remain as a public park in compliance with Prop. 218.

#### QUESTION FIFTEEN

Why was Ab Brown Soccer Park transferred from RPU (Water) to RPU (Electric)?

Ab Brown was fund transferred from RPU (Water) to RPU (Electric) at fair market value to eliminate any Prop. 218 concerns relative to the AYSO lease at \$1 per year while also boosting the Water fund cash reserves. The asset transfer was for \$11.6 million based upon an appraisal dated November 26, 2009 with a value conclusion of \$11.6 million.

QUESTION SIXTEEN

What are AYSO's rights?

AYSO was paying \$1 per year pursuant to the most recent agreement with AYSO that expired in August 2014.

On May 19, 2015, City Council approved a new license agreement with AYSO effective from June 1, 2015 through June 30, 2016. Under the terms of the license agreement AYSO pays a rental rate of \$12,000 per year which represents a fair market transaction in order to comply with Proposition 26.

Market value was determined by an opinion of value provided by City staff.

QUESTION SEVENTEEN

What will AYSO do after that?

AYSO has requested that City begin negotiations for terms past the one year agreement that expires on June 30, 2016. City staff is in process of scheduling those discussions.

QUESTION EIGHTEEN

What is the long range plan for these properties?

The City is in the process of evaluating potential alternatives for the Northside properties. Any future reviews, actions, or studies will be reviewed and approved as required in advance by the Board of Public Utilities and/or the City Council.

QUESTION NINETEEN

What policies will RPU consider for disposition of Northside Properties?

On November 21, 2014 the Board of Public Utilities adopted the Real Property Financial Management Policy which serves as a guide to the Board when carrying

out their Charter prescribed duties. In implementing the Policy the Board considers the following guiding principles:

- Maximization of ratepayer value guides all decisions; and
- Stewardship, which includes both acquisition, use, and disposition, shall be done in conformance with California law.

The Policy sets out a framework for the important considerations related to real property asset management. A copy of the Policy can be found on the City's website at the following link: <http://www.riversideca.gov/utilities/pdf/2014/RPU-Real-Property-Financial-Management-Policy.pdf>.

Additionally, the City's Administrative Manual section 8.003.00, entitled "Disposition and Sale of City Owned Real Property" outlines the procedural steps in the sale or disposition of real property assets.

#### QUESTION TWENTY

##### What are Propositions 218 & 26?

Prop. 218 and Prop 26 are voter-approved ballot initiatives (approved in 1996 and 2010, respectively), that amended the California Constitution. In 2005, the California Supreme Court held that Prop. 218 applied to water rates. Prop 26 applies to both water and electric rates.

Prop 218 and 26 apply to how the proceeds from a sale are disbursed. For example, if a property that was acquired through ratepayer funds was sold and the proceeds were distributed to the general fund, that would be a violation of Prop 218 and 26.

Should you have any questions, please contact the following people:

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