



REPORT TO CITY COUNCIL

To: Honorable Mayor and Members of the City Council

From: Grant Yates, City Manager

Prepared by: Barbara Leibold, City Attorney

Date: March 12, 2019

Subject: Disposition and Development Agreement By and Between City of Lake Elsinore and Ricardo F. Solano and Miriam Martinez Solano

Recommendation

approve A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN CITY OF LAKE ELSINORE AND RICARDO F. SOLANO AND MIRIAM MARTINEZ SOLANO

Background

The City owns commercial property comprised of approximately 0.07 acres located at the northwest corner of Main Street and Graham Avenue in the City of Lake Elsinore. The City property is located adjacent to the Guadalajara Mexican Grill & Cantina restaurant owned by Ricardo F. Solano and Miriam Martinez Solano. Pursuant to a 1995 Lease Agreement, amended in 2018, the Solanos currently lease the City property as an outdoor patio area for the restaurant.

Discussion

Ricardo F. Solano and Miriam Martinez Solano desire to improve, expand and integrate the City property with the restaurant. To that end, the Solanos desire to (i) purchase the City property for the full appraised fair market value of \$45,000, (ii) merge the City property and the restaurant property into a single legal parcel, and (iii) complete improvements to the restaurant patio area consistent with applicable land use and building regulations. By merging the City property with the restaurant property, the "Merged Property" will provide a viable commercial site to support the improvement and ongoing operations of the restaurant. A map of the City property and restaurant property is attached (Exhibit A).

Government Code Section 52201 *et seq.* (the "Act") authorizes the City to sell property to create an economic opportunity. Pursuant to the Act and in furtherance of the City's intent to create an economic opportunity, the City proposes to enter into a Disposition and Development Agreement (DDA) with the Ricardo F. Solano and Miriam Martinez Solano.

A Summary Report describing (i) the cost of the proposed conveyance, (ii) the estimated value of the interest to be conveyed, and (iii) why the conveyance will assist in creating an economic opportunity has been prepared in accordance with the Act (Exhibit C).

Pursuant to the terms of the DDA (Exhibit D), the City will convey the City property to the Solanos for the appraised fair market value of \$45,000. The Solanos will be required to obtain all necessary entitlements to merge the City property and the restaurant property (the "Merged Property") and a Minor Design Review approval for the proposed improvements to the Merged Property consistent with applicable land use and building regulations prior to the close of escrow.

Environmental Determination

The approval of the DDA is exempt for the requirements of CEQA because this action does not constitute approval of a "Project" as defined by CEQA. Approval of the DDA does not commit the City to approving a project nor constitute an entitlement for the improvement of the Merged Property. Pursuant to the DDA, the Solanos must obtain all necessary entitlements for the merger and improvement of the Merged Property. Because the Merged Property is less than .25 acres and is already developed, the proposed improvement will likely fall under a Class 32 exemption pursuant to CEQA Guidelines Section 15332.

Fiscal Impact

The DDA requires the Solanos to pay the City the full \$45,000 appraised value of the City property and to pay all escrow and closing costs. The City is responsible only for the cost of a title policy as is customary in real property transactions. Upon close of escrow the \$450 monthly lease payments to the City will terminate. The conveyance of the City Property will provide an economic opportunity to develop, improve and expand the restaurant use that will serve City residents and visitors, provide jobs and generate tax revenues.

Exhibits

- A - Vicinity Map
- B - Resolution
- C - Summary Report
- D - Disposition and Development Agreement