

RESOLUTION NO. 2025-49

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS FOR APPROXIMATELY 34.99 ACRES OF VACANT LAND (APN 354-030-013) AND TO TAKE ALL FURTHER ACTIONS NECESSARY TO EFFECTUATE THE ACQUISITION

WHEREAS, the City of Canyon Lake (“City”) desires to preserve and secure long-term public control over strategically located properties that contribute to community character, provide opportunities for future public use, and advance the public health, safety, and welfare; and

WHEREAS, the property consisting of approximately 34.99 acres of vacant, unimproved hillside land located on the northwest side of Railroad Canyon Road, just north of Canyon Hills Road, within the City of Canyon Lake, identified as Assessor Parcel Number 354-030-013 and currently owned by the Martin Family Trust (“Property”), is a prominent hillside feature along a primary entry corridor to the City and is situated between existing residential neighborhoods, the Canyon Lake Golf Club, and major regional transportation routes; and

WHEREAS, the City obtained an independent appraisal of the Property prepared by Larry W. Heglar & Associates, which concludes that the Property is zoned R-R (Rural Residential) with a General Plan designation of Mixed Use, and that its highest and best use in its current condition is to hold it as an investment for potential future development consistent with its existing zoning and General Plan designations, or for possible open space or conservation acquisition, and which establishes an “as is” fair market value of \$2,895,000 for the fee simple interest in the Property; and

WHEREAS, City staff has negotiated a proposed purchase price for the Property in an amount not to exceed \$1,500,000, which is substantially below the independent appraised fair market value; and

WHEREAS, the difference between the appraised value of \$2,895,000 and the proposed purchase price of \$1,500,000, approximately \$1,395,000, represents the “bargain” element of the transaction and, under tax and charitable giving concepts, a sale of property to a governmental entity for less than fair market value may be characterized by the seller as a “bargain sale,” with the potential charitable component equal to the difference between fair market value and the sale price, subject to the seller’s own tax and legal advice; and

WHEREAS, from the City’s perspective, acquisition of the Property at the proposed purchase price provides an opportunity to acquire a strategically located 34.99-acre parcel for approximately 52 percent of its independently appraised fair market value, representing a significant discount and an efficient use of public funds relative to that appraised value; and

WHEREAS, the City Council finds that acquisition of the Property will secure long-term public control over a highly visible parcel, preserve options for future public uses such as open space, trails, or other City facilities, and allow the City Council to guide any potential future disposition, entitlement, or conservation actions consistent with broader community objectives; and

WHEREAS, the City Council desires to authorize the City Manager to negotiate and execute a Purchase and Sale Agreement and related documents for the acquisition of the Property, and to take all further actions necessary to consummate the transaction, including the execution of escrow, title, due diligence, and closing documents, provided that all such documents are approved as to form by the City Attorney; and

WHEREAS, the City Council further desires to authorize a modest contingency authority equal to five percent (5%) of the purchase price to cover transaction-related costs associated with the acquisition.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council hereby finds and determines that the foregoing recitals are true and correct and are incorporated herein by this reference as substantive findings.

Section 2. The City Council hereby authorizes the acquisition by the City of the approximately 34.99-acre Property located on the northwest side of Railroad Canyon Road at Canyon Hills Road, identified as Assessor Parcel Number 354-030-013, in an amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) for the purchase price.

Section 3. The City Council hereby authorizes and directs the City Manager, or designee, to negotiate, approve, and execute on behalf of the City a Purchase and Sale Agreement for the acquisition of the Property, together with such related agreements and instruments as may be necessary or appropriate to effectuate the intent of this Resolution, including but not limited to escrow instructions, grant deeds, certificates, affidavits, disclosures, and other documents customary to the closing of a real property transaction, provided that all such documents are approved as to form by the City Attorney.

Section 4. The City Council further authorizes the City Manager, or designee, to take all further actions and to execute all additional documents as may be necessary or desirable to carry out the purposes of this Resolution and to consummate the acquisition of the Property in accordance with the Purchase and Sale Agreement and applicable law, including the conduct and completion of appropriate due diligence such as title review and physical inspections.

Section 5. In addition to the purchase price authority set forth above, the City Council authorizes the City Manager, or designee, to expend an amount equal to up to five percent (5%) of the approved purchase price, not to exceed Seventy-Five Thousand Dollars (\$75,000), for transaction-related costs associated with the acquisition of the Property, including but not limited to escrow and title fees, surveys or appraisal updates, environmental or other due diligence reports, and recording or transfer fees. The total not-to-exceed authority for the acquisition and associated transaction costs shall therefore be One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000).

Section 6. The City Council hereby approves the expenditure of funds in an amount not to exceed One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000) to be appropriated from the City's line of credit with Citizen's Business Bank, or such other fund or funds as may be designated by the City Manager, for the purposes of acquiring the Property and paying related transaction costs. The City Manager is authorized to make and direct any necessary budget adjustments or transfers consistent with this Resolution and applicable law.

Section 7. Nothing in this Resolution shall be construed as providing, or as an endorsement of, any particular federal, state, or local tax treatment of the transaction to the seller or any other party. Any potential characterization of the transaction as a "bargain sale" or any claimed charitable contribution is solely a matter between the seller and its tax and legal advisors.

Section 8. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 9. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 10. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 1st day of December 2025.

Mark Terry, Mayor

ATTEST:

Sheryl L. Garcia, MMC, CPM
City Clerk