

RIO VISTA BUSINESS PARK

2010-11 Solano County Grand Jury

I. SUMMARY

The City of Rio Vista has property at the Business Park available for lease. The parcels currently leased are being leased at rates established when the leases were originally written. Not updating current leases results in a loss of potential income for the city. The parcels not leased are generating no income. The City of Rio Vista has budget problems that could be lessened by updating leases and marketing unleased parcels. The Grand Jury finds the City of Rio Vista is not following the recommendations in the Chabin Concepts report for marketing and/or developing the Business Park. The Grand Jury also suggests the City of Rio Vista work with County and State elected officials to eliminate current restrictions on the resale of the property.

II. INTRODUCTION

The City of Rio Vista owns a section of land known as the Rio Vista Business Park, a part of which is the former Rio Vista Airport. This property, approximately 109 acres, is broken into 42 parcels. At the time of this investigation, some parcels were being used by the City for storage and one houses the police department. One area, which contains the Veterans' Hall, is used by the County of Solano.

After receiving complaints from citizens of Rio Vista, the Grand Jury elected to investigate the Rio Vista Business Park. The complaints voiced concerns about the City of Rio Vista's method of leasing. Also included in the complaints were remarks about the amount charged because of some "sweetheart deals" put together when the area was first leased. Concerns also included a lack of marketing for the property and maintenance of the leased parcels.

III. METHODOLOGY

- Interviewed Rio Vista City Officials
- Interviewed Rio Vista Realtor
- Toured Rio Vista Business Park
- Conducted Internet search on Rio Vista Business Park
- Reviewed Business Park Leases
- Reviewed Business Park Revenue and Expenditure Detail Reports
- Reviewed Business Park Billing Category History
- Reviewed General Plan for the City of Rio Vista
- Reviewed *Rio Vista Industrial Development Marketing Strategy and Implementation Plan*, by Chabin Concepts, Inc., July 2003
- Reviewed *Redevelopment Plan for Redevelopment Project A*, by Redevelopment Agency of the City of Rio Vista, September 1988

- Reviewed *City of Rio Vista Capital Improvement Plan 2005-2010*, by City [of Rio Vista] Staff and Sylvir Consulting, Inc.
- Reviewed California Department of Housing and Community Development warning notice of Rio Vista's use of redevelopment funding for fiscal years spanning 2000-01 through 2007-08

IV. STATEMENT OF FACTS

When the City of Rio Vista acquired this land from the Sacramento/San Joaquin Drainage District, the District placed restrictions on its use and/or sale. These restrictions remain in place and the City has not been able to have them removed. Efforts by the City are ongoing, but at the time of this investigation, no change has occurred.

The Grand Jury requested from the City of Rio Vista copies of all current leases for the Rio Vista Business Park. While the Grand Jury does not know the actual number of tenants, the City provided 17 copies of leases. Review of the leases showed the following:

- Some leases dating back to the mid-1990s had not been updated*
- One lease had no signature
- No copy of lease on file with the city or tenant for at least one tenant

*Consumer Price Index increases apply according to the leases.

Between 1993 and 1998 the City entered into six leases with tenants they believed would serve as anchor companies for the business park. To attract these tenants, they offered low rates, extended terms, and lucrative conditions. The Grand Jury learned it was a former City Manager who negotiated the terms and a former City Attorney who drew up these initial business park leases. The Grand Jury's lease review indicated some rates offered were well below market value (ranging from \$500 to \$12,000 per year), and the terms were extended for as long as 49 years. In at least one case, the lease allowed the company to sublet space, and that tenant is currently subletting to as many as five entities and generating a profit on what amounts to be a subsidy by the City.

The Grand Jury also requested the City's policies and procedures for leasing at the Business Park. The Grand Jury discovered that no policies and procedures were in place. However, the General Plan states:

“Rio Vista Business Park

Goal 7.10: To provide ample affordable office and industrial space for start-up and expanding businesses.

Policy:

7.10.A The City shall continue to promote construction of new commercial structures sized for small to medium businesses.

7.10.B The City shall continue to allow auto maintenance; services uses; and light industrial, warehouse, and manufacturing uses.

7.10.C The City shall seek to make the Business Park more attractive to new business by upgrading the design of new buildings, providing needed infrastructure, and emphasizing additional landscaping and other improvements.”
(a column of Implementing Actions is not included)

The City of Rio Vista’s General Plan, issued in 1988, was last updated in 2001. Since then, the City Council approved several amendments, none of which dealt specifically with the Business Park. As a result of the Grand Jury’s research, it became apparent that City officials were not familiar with the General Plan provisions regarding the Business Park. At the time of this investigation, the City Council had not implemented sections of the General Plan pertaining to the Business Park.

The Grand Jury requested copies of the City’s *Economic Development Strategic Plan* and *Economic Development Plan*. The City was unable to provide copies of either plan. The City did provide the Grand Jury with a report prepared for the City by a consultant named Chabin. The City paid Chabin Concepts to prepare a plan to do the following:

“The purpose of preparing the Rio Vista Industrial Development Marketing Strategy and Implementation Plan was to 1) assess Rio Vista’s readiness to recruit new businesses and 2) develop a marketing strategy and implementation plan to effectively market Rio Vista’s industrial parks to local expanding businesses and external target businesses.

The goals of the Marketing Strategy and Implementation Plan are:

- a) Make Rio Vista a competitive location for business expansion and new business location.
- b) Locate new and expanding businesses at the City’s two industrial parks: Rio Vista Business Park, located on the former airport land; and the Rio Vista Airport Industrial Park, adjacent to the current Rio Vista Airport.
- c) Create new investment and jobs in the City of Rio Vista.

In addition to marketing to new businesses, the project addresses findings for business expansion opportunities and offers recommendation for working with existing businesses. Successful implementation of this plan will enable the City of Rio Vista to more effectively compete for attracting new business investment, as well as achieve economic growth from supporting and assisting local employers with expansion.”

The Grand Jury also asked the City to provide its redevelopment plan and an accounting of the City’s use of redevelopment funds to develop the business park. In Attachment No. 4 to the Redevelopment Plan prepared in September 1988, the first proposed public improvement noted is “Airport reuse as industrial park-design, infrastructure, utilities extensions.” The Grand Jury identified a California Department of Housing and Community Development’s warning notice

regarding Rio Vista's use of redevelopment funding: "Specifically failed to develop land within five years; spent more than half their money on 'planning'; spent at least \$100,000 of budget and built no units." The Grand Jury could not identify any use of redevelopment funds for the development of the business park. The Grand Jury learned a Community Development Block Grant was obtained to develop the roads in the business park.

The Grand Jury's review of the 2005-10 Capital Improvement Plan found no mention of the business park within its scope of activities. The City staff confirmed that this document was the one being used by the City administration at the time of our investigation.

The Grand Jury sent letters to all known tenants at the Business Park requesting their cooperation in verifying information regarding their lease. Several tenants could not be contacted as mailing addresses appearing on their leases were no longer in effect. One tenant had changed its business name, which was not shown on the current lease.

Although the City website page for the Business Park under the Economic Development Department shows parcels are available for lease, it displays no pictures of the area. The Grand Jury was unable to locate a marketing plan for the Business Park.

When the Grand Jury requested a recorded parcel map of the area, the City of Rio Vista provided a hand-drawn, pieced-together sketch.

The Grand Jury toured the area, found the appearance unkempt and lacking any appeal for future tenants, and noted the following:

- Street signs were not posted on some streets
- Lack of weed abatement
- Older streets and parcel driveways and/or entrances were in a very deteriorated state

The Grand Jury was advised later that some weed abatement had been performed because of complaints by residents of the City. The Grand Jury also learned not all parcels have utility infrastructure readily available.

In April 2007 Garland & Associates of Fairfield appraised a "5.94 acre industrial site" portion of the property. The assessment was performed to give the City an opinion of the current market value of the Business Park. This assessed value is not currently being used to establish lease rates.

Although tenant leases call for rent payment on a regular basis, several tenants at the time of this investigation were in arrears (totaling approximately \$4,200 as of December 2010, as shown on the billing category history provided by the City). Some tenants have occasionally made partial payments.

V. FINDINGS AND RECOMMENDATIONS

FINDING 1 – The City of Rio Vista does not utilize the Chabin Concepts report as a marketing plan for the Business Park.

RECOMMENDATION 1 – The City of Rio Vista should adopt the marketing strategy and implementation plan developed in the Chabin Concepts report. The Grand Jury also suggests adding pictures to the City’s website and routinely updating the website with information on available parcels as a marketing tool. Additionally, the City should engage realtors to list Business Park availability.

FINDING 2 – Not all leases for the Business Park are on file with the City of Rio Vista, and reviewed leases have not been updated, some for as long as 15 years. Review of these leases revealed incentives offered several of these companies were ill-advised and have had a long-term effect on the City.

RECOMMENDATION 2 – Although there is no obligation for the tenants to renegotiate their leases, the City of Rio Vista should obtain, update, and/or attempt to renegotiate all leases for the Business Park. Leases should include current name of tenant, authorized signatures, mailing address, and any change in rental rates as indicated by the Consumer Price Index.

FINDING 3 – Appropriate City Officials have not adequately reviewed key strategic and planning documents applicable to the Business Park.

RECOMMENDATION 3 – The City Officials should undertake a detailed review of the General Plan and the Chabin Concepts report applicable to the Business Park. The City Officials should take responsibility for implementing the goals set out in these key documents for the Business Park when so directed by the Rio Vista City Council.

FINDING 4 – The City of Rio Vista does not have an approved/recorded map of the Business Park.

RECOMMENDATION 4 – The City of Rio Vista should pursue getting an approved/recorded map and have it available for City departments. The map could also be part of the website and available for any prospective tenants.

FINDING 5 – The City of Rio Vista does not perform regular weed abatement at the Business Park.

RECOMMENDATION 5 – The City of Rio Vista should schedule regular weed abatement at the Business Park. This would improve the appearance of the area and decrease the potential for fires and crime.

FINDING 6 – The City of Rio Vista has been unable to remove current restrictions on the sale of Business Park property.

RECOMMENDATION 6 – The City of Rio Vista should contact County and State elected representatives to assist Rio Vista in eliminating these restrictions.

COMMENTS

Since interviewing the City representatives some maintenance such as street improvement and weed control has been done to improve the appearance of the Business Park.

RESPONDING PARTIES

Rio Vista City Council (All Findings)

COURTESY COPIES

Rio Vista City Manager
Solano County Board of Supervisors
The Honorable Mariko Yamada, Eighth Assembly District
The Honorable Noreen Evans, Second Senatorial District