Riverside County District Attorney Finds No Wrongdoing in the Development and Use of the SilverLakes Equestrian and Sports Complex

NORCO, CA—After several months of investigation prompted by a Civil Grand Jury Report alleging improprieties regarding the development and use of the SilverLakes Equestrian Sports Complex, the Riverside County District Attorney’s Office has completed its investigation and has found no evidence of wrongdoing.

Even though the District Attorney’s Office is not legally obligated to issue a response to the Grand Jury’s Report, the Office issued a report that unequivocally concluded that the Grand Jury’s findings were factually incorrect, none of the allegations were true, and no criminal activity of any kind occurred. The District Attorney essentially agreed in all material respects with the City’s rebuttal to the Grand Jury’s Report.

Background Information
On May 16, 2018, the Riverside County Grand Jury issued a report with regard to the SilverLakes Equestrian Sports Complex (SilverLakes), requesting that the District Attorney conduct an investigation regarding the development and use of SilverLakes. The District Attorney’s investigation established the following facts regarding the development of SilverLakes:

1. The City acquired the property in 2002 through the Federal Court subject to the deed restriction and no development was commenced due to financial constraints. In 2004, the City asked the Court to modify the restriction to allow a mixed-use project with a commercial town center and limited park use, which the Court denied.

2. Three years later, in 2007, the City issued a request for proposals to build a park project, specifically in compliance with the deed restriction. The City received two proposals.

3. In 2008, the City accepted Balboa Management’s proposal, entered into a Memorandum of Understanding, and on July 6, 2011, approved the agreements related to the construction and operation of SilverLakes.

4. In July 2011, the City filed an action with the County of Riverside Superior Court to legally validate the agreements. The Court issued a judgement finding that the project was a permissible use of the property.

Allegations in Grand Jury Report
The May 2018 Riverside County Grand Jury Report outlined the following allegations regarding the development and use of SilverLakes with recommendations that the District Attorney investigate these allegations:

1. The City “purposely accepted a bid from a developer to construct a commercial endeavor contrary to the deed restriction limiting the property’s use to a public park, recreation and open space purpose.”

2. The City presented misleading documents to the County of Riverside Superior Court in an action validating the approval and conditions permitted for SilverLakes.

3. The City inappropriately allowed the charging of fees related to the use of SilverLakes.
4. The City did not comply with the deed restriction because the property is not always open to the public and fees are charged.

5. The deed restriction precludes any commercial- or admission-based use of the park.

Based upon its investigation and review of all documents, the District Attorney concluded as follows with respect to the specific allegations contained in the Grand Jury’s Report:

1. “The 2004 motion to interpret, modify, or eliminate the deed restriction never once mentioned Balboa or its proposal to construct a soccer and equestrian sports park. This, of course, is because the City did not issue a Request for Proposals (RFP), and Balboa did not propose such a park, until 2007. Neither the City’s motion nor the federal court’s order addressed the project that was ultimately built. The project that was rejected was not the SilverLakes Sports Complex. There is no evidence that Norco City officials purposefully accepted a bid from a developer to construct a commercial endeavor that had already been rejected by the Federal Court.” The District Attorney’s Response further states, “Rather than demonstrate an effort to covertly circumvent the deed restrictions, the evidence shows that the City understood the deed restriction and strived to facilitate development consistent with the legal requirements.”

2. Throughout the RFP and agreement approval process for the development of SilverLakes, the City emphasized that any project had to comply with the deed restriction.

3. Regarding the allegation that the City presented misleading documents to the Riverside County Superior Court, the District Attorney concluded that “the documents submitted to the Superior Court made repeated reference to the sale of merchandise, as well as food and alcohol. The Superior Court was informed that Balboa would be allowed to operate a park with recreation facilities at which Balboa may hold equestrian, soccer and other sporting events, functions and sports/equestrian related educational programs, clinics, camps, tournaments, shows, exhibitions and try-outs, including qualifying matches for local, regional, state, national and international competitions (including the Olympics) and other entertainment events. In addition to sports and equestrian events, Balboa was authorized to hold farmer’s markets, garden shows, concerts, carnivals, weddings, corporate events, conventions, as well as numerous other organized events.”

4. All uses proposed for SilverLakes were presented to the Riverside County Superior Court and are permissible, specifically a restaurant and bar, the sale of alcoholic beverages, as well as the sale of merchandise and equipment.

5. Parking, use and admission fees are permissible.

6. The limitations on public use of SilverLakes are permissible.

7. The deed restriction does not preclude any commercial- or admission-based use of SilverLakes.

In summary, the District Attorney concluded as follows: “The deed restriction on the SilverLakes project does not foreclose any commercial or admission-based aspects of the park. In fact, the deed restriction specially provides that commercial purposes are allowed ‘for common park related activities, such as refreshment stands, horse boarding stables, and other park related concession operations to serve park users, which are commonly granted by cities in California.’ The Superior Court held that the SilverLakes Sports Park, which included parking and admission fees and the sale of merchandise, food, and alcohol, was consistent with this provision. Consequently, there is no evidence that the Superior Court was deceived during the validation action.”

Click here to view the Riverside County District Attorney’s Response to the 2017-2018 Riverside County Grand Jury Report regarding the SilverLakes Equestrian and Sports Complex.

For more information, please contact the City of Norco City Manager’s Office at (951) 270-5617 or citymanager@ci.norco.ca.us.

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