



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: APRIL 23, 2018

ITEM NO: 11

SUBJECT: CANAL PARCEL LICENSE AGREEMENT WITH MASJED OF RIVERSIDE, ISLAMIC CENTER, FOR USE OF 1045 LINDEN AVENUE AND A PORTION OF THE GAGE CANAL FOR A FIVE-YEAR TERM WITH ONE FIVE-YEAR OPTION TO EXTEND – IN THE MINIMUM AMOUNT OF \$96,367.38

ISSUE:

Recommend that the City Council approve the Canal Parcel License Agreement with Masjed of Riverside, Islamic Center, for use of 1045 Linden Avenue and a portion of the Gage Canal for a five-year term with one five-year option to extend – in the minimum amount of \$96,367.38.

RECOMMENDATIONS:

That the Board of Public Utilities recommend that the City Council:

1. Approve the Canal Parcel License Agreement with Masjed of Riverside, Islamic Center, for use of 1045 Linden Avenue and a portion of the Gage Canal for a five-year term with one five-year option to extend – in the minimum amount of \$96,367.38; and
2. Authorize the City Manager, or his designee, to execute the Canal Parcel License Agreement with Masjed of Riverside, including making minor non-substantive changes, to sign all documents necessary to complete the transaction, and the optional one five-year option to extend the agreement.

BACKGROUND:

The Masjed of Riverside (Islamic Center) has operated a mosque at 1038 Linden Avenue since April 2003. Vehicle parking is severely limited by space requirements. The Islamic Center requested the City to enter into a license agreement that would allow for the construction of a parking lot on City-owned property across from the mosque at 1045 Linden Avenue. The vacant land surrounds the Lemona Booster Station and abuts a portion of the Gage Canal (aerial image on following page, highlighted in blue).

On April 3, 2007, the City Council approved a six-year Agreement with the Islamic Center for use of a portion of the Gage Canal located at 1045 Linden Avenue near the intersection of Linden and Rustin Avenues. The Agreement became effective on May 24, 2007, and expired on May 24, 2017, after the exercise of four, one-year extensions.

A new agreement was delayed while arrangements were made to establish a set and uniform rental fee for the issuance of Canal License Agreements for permitted uses of undevelopable Riverside Canal and Gage Canal parcels, such as this one. On April 10, 2017, the Board of Public Utilities approved the establishment of a set and uniform rental fee for the issuance of Canal License Agreements. An

independent appraisal of the canal parcels determined the fair market value for canal parcels adjacent to single family residential zoned parcels and for other zoned areas with an annual rate of return at 7.50 percent. Based on the appraised values multiplied by the annual rate of return, it was determined that \$0.15 per square foot for residential areas and \$0.60 per square foot for all other zoned areas are reasonable rental rates. All license agreements should have a minimum five-year term with a two percent annual rental increase and a minimum \$300 annual fee (as determined by zoning and size of the



parcel). The City Council approved the item on May 9, 2017.

DISCUSSION:

Now that the establishment of set and uniform rental fees are in effect, the new agreement with the Islamic Center has been prepared for a term of five years with a five-year option to extend and will be made effective retroactively to May 25, 2017. The subject parcel is zoned Public Facilities which results in a rental rate of \$0.60 per square foot (valuation x rate of return). At \$0.60 per square foot, the annual rent for this agreement is \$18,517.80 with two percent annual increases thereafter.

There are extenuating circumstances with this agreement. In 2007, the Islamic Center failed to obtain permitting for the construction of the parking lot in accordance with approved plans by the City's Public Utilities Department and Community and Economic Development Department/Planning Division. The Islamic Center must provide evidence of obtaining any and all permits and/or approvals required by the City to legalize the existing site improvements. In addition, Public Utilities is requiring the Islamic Center to construct a storm drain connection that will connect the existing storm drain to the City's storm drain system. For these reasons, staff is seeking Board and City Council approval for the agreement that has been revised to include these stipulations. Otherwise, the compensation is based upon the set uniform rental fees as approved by City Council on May 9, 2017.

FISCAL IMPACT:

An annual base rental fee of \$18,517.80 subject to annual two percent increases totaling \$96,367.38 will be deposited into the Public Utilities Land and Building Account No. 0000520-373100 for the five-year License Agreement with Masjid of Riverside for use of 1045 Linden Avenue and a portion of the Gage Canal.

Prepared by: Michael L. Plinski, Interim Assistant Utilities General Manager/Water

Approved by: Todd L. Jorgenson, Interim Utilities General Manager

Approved by: John A. Russo, City Manager

Approved as to form: Gary G. Geuss, City Attorney

Certifies

availability of funds: Laura M. Nomura, Utilities Assistant General Manager/Finance & Administration

Attachment: License Agreement – Masjid of Riverside (Islamic Center)