



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE:** FEBRUARY 26, 2019

FROM: GENERAL SERVICES DEPARTMENT **WARD:** 7

SUBJECT: RIVERSIDE MUNICIPAL AIRPORT LEASE OF 6711 DOOLITTLE STREET FOR DEVELOPMENT OF A TRUCK/EQUIPMENT PARKING LOT WITH PRECISE PALLET WORLD, INC. FOR A FIVE YEAR TERM WITH TWO ADDITIONAL FIVE YEAR OPTIONS TO EXTEND

ISSUES:

Approve the Riverside Municipal Airport Lease of 6711 Doolittle Street for development of a truck/equipment parking lot with Precise Pallet World, Inc. for a five year term with two additional five year options to extend.

RECOMMENDATIONS:

That the City Council:

1. Approve the Riverside Municipal Airport Lease of 6711 Doolittle Street for development of a truck/equipment parking lot with Precise Pallet World, Inc. for a five year term with two additional five year options to extend; and
2. Authorize the City Manager, or his designee, to execute Riverside Municipal Airport Lease with Precise Pallet World, Inc., including making minor and non-substantive changes, and execute the two optional five year lease extensions.

BACKGROUND:

In 2003, the Riverside Municipal Airport (Airport) acquired several land parcels located in the Federal Aviation Administration (FAA) Runway Protection Zone. The acquisition included Parcel 4, Lot 42 of the McClaskey Tract, a 29,219 square foot parcel located at the corner of Doolittle Avenue and Morris Street. As identified on the Grant Deed, the owner occupant(s) were permitted to live in the house located on the parcel until their death(s), after which the property would then be deeded to the City of Riverside.

The sole remaining owner occupant died in 2013 and management of the parcel was assumed by the Airport. The property consists of a vacant house, garage and open lot which is routinely

monitored by Airport staff to remove trespassers and debris. The primary concern associated with the parcel is public safety.

The house is frequently broken into by transients, and the Airport has spent approximately \$6,000 annually on materials to board up windows and doors, trash removal, and monitoring of the property. The parcel has been designated as a restricted use location by the Airport Land Use Commission (ALUC) and the FAA, and cannot be used for purposes other than a parking lot.

To eliminate the hazards associated with the transient usage of this property, Airport staff contacted PPH Logistics Inc., (now known as Precise Pallet World, Inc.) which occupies a site across the street from the property, to seek their interest in leasing the property for truck parking. The Airport and Precise Pallet World, Inc. has negotiated a lease for an initial five (5) year term, with two (2) additional five (5) year options to extend.

On December 11, 2018, the City Council approved a Riverside Municipal Airport Lease Agreement with PPH Logistics, Inc. for the parcel located at 6711 Doolittle Street. Staff was contacted by PPH Logistics, Inc. prior to execution of the agreement and informed that the company had changed their name to Precise Pallet World, Inc.

DISCUSSION:

Through the Lease Agreement, Precise Pallet World, Inc. agreed to demolish and dispose of the existing structures on the site and make additional site improvements, which are estimated at \$200,000. In consideration of this significant investment, Staff recommends no rent be charged for the initial five (5) year term. Any subsequent lease rent extensions will be subject to current ground lease rates for the Airport property, within the Master Lease Program approved by City Council.

Staff has discussed this lease opportunity with the Community and Economic Development, Planning Division and this action is compatible with the airport land use guidelines. The Community and Economic Development Director concurs with this report.

FISCAL IMPACT:

If approved by the City Council, rent revenue from the Lease Agreement will be waived for the initial five (5) year term. All revenues received from subsequent optional lease extensions will be deposited into the Airport revenue account 0000530-346120 and used for ongoing maintenance and other improvements at the Airport.

Prepared by: Carl Carey, General Services Director

Certified as to

Availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Approved by: Moises Lopez, Deputy City Manager

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

Attachments:

1. Ground Lease Agreement with Precise Pallet World, Inc.
2. Grant Deed, dated May 8, 2003