

City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: APRIL 9, 2024**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARDS: ALL**
DEPARTMENT

SUBJECT: APPROVE THE LICENSE AGREEMENT WITH W-H GT OWNER IX, L.P. FOR USE OF CITY-OWNED LAND ON A PORTION OF THE RIVERSIDE WATER COMPANY CANAL LOCATED AT 21801 BARTON ROAD, CITY OF GRAND TERRACE, FOR A TWENTY-FIVE-YEAR TERM - TOTAL REVENUE OF \$270,824.51

ISSUE:

Approve the License Agreement with W-H GT Owner IX, L.P., for use of City-owned land on a portion of the Riverside Water Company Canal located at 21801 Barton Road in the City of Grand Terrace, for a twenty-five-year term – total revenue of \$270,824.51.

RECOMMENDATIONS:

That the City Council:

1. Approve the License Agreement (Attachment 1) with W-H GT Owner IX, L. P., for use of a portion of the Riverside Water Company Canal, also known as Assessor's Parcel Number 1167-121-08, for a twenty-five-year term – total revenue of \$270,824.51; and
2. Authorize the City Manager, or his designee, to execute the License Agreement, including making minor and non-substantive changes, and to sign all documents necessary to complete the transaction.

BOARD RECOMMENDATION:

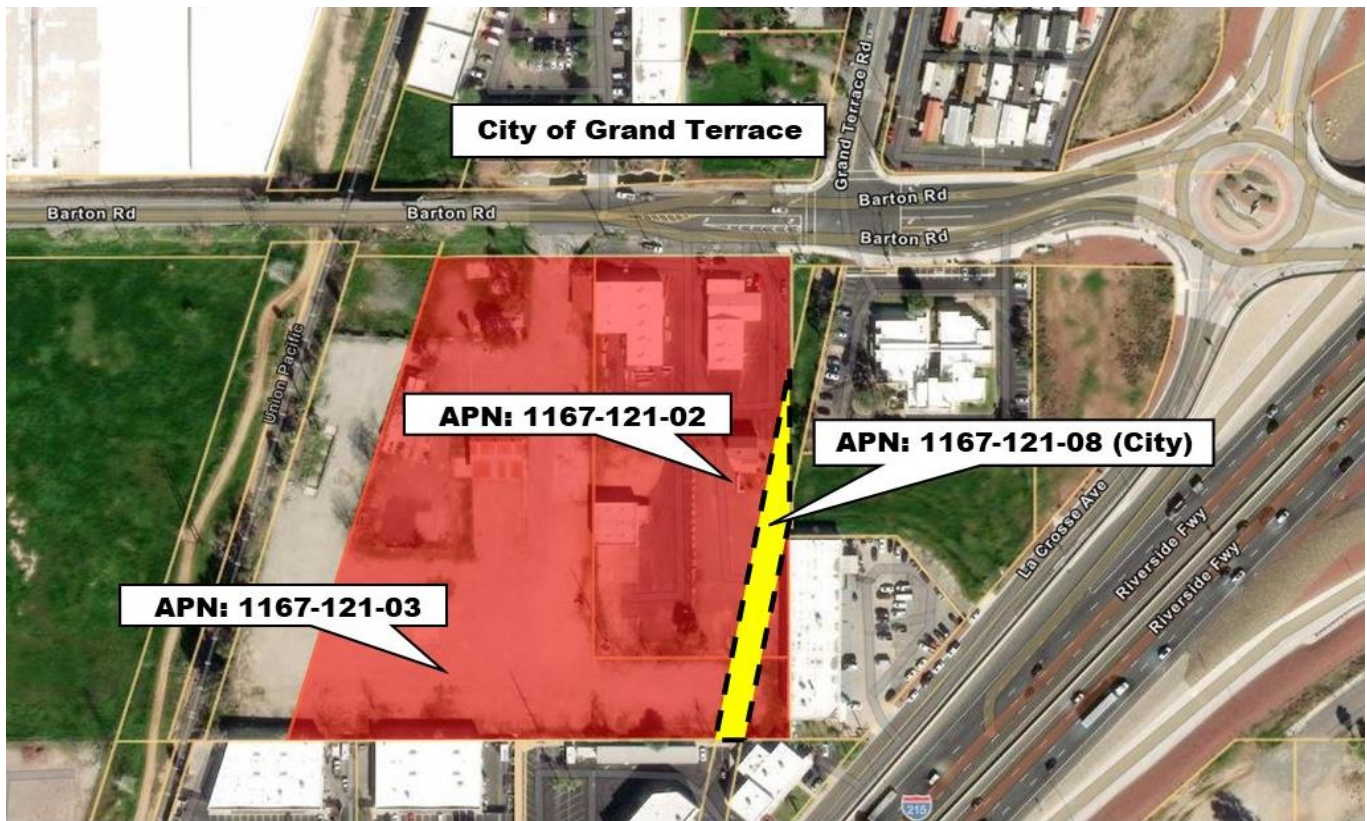
On March 11, 2024, the Board of Public Utilities will hear this item for consideration to recommend to City Council to approve the License Agreement with W-H GT Owner IX, L.P., for a twenty-five-year term.

If the Board of Public Utilities approves to forward this to City Council, we respectfully request the City Council consider the item at the April 9, 2024, City Council meeting.

BACKGROUND:

On May 23, 1961, a Final Order of Condemnation was ordered, adjudged and decreed in favor of the City of Riverside (City) for the Riverside Water Company Canal (Riverside Canal). This included Assessor's Parcel Number 1167-121-08, formerly used for the purpose of conducting, storing, supplying and distributing water to and for the use of the City. Currently, the City utilizes this property for the operation and maintenance of an underground pipeline that conveys non-potable water.

On March 28, 2022, W-H GT Owner IX, L. P. (Licensee) purchased the property shown below in red in the City of Grand Terrace, which is approximately two miles northeast from the City limits and adjacent to the City's Riverside Canal property shown in yellow. A majority of the Licensee's property is on the westerly side of the Riverside Canal with a small portion on the easterly side of the canal.



DISCUSSION:

The portion of the Riverside Canal to be licensed is part of the canal areas which extend beyond Riverside's city limits and is approximately 12,811 square feet shown in yellow above. The primary use of the Riverside Canal area is for parking and some landscaping. Per section 3 – Use of Premises, Riverside Public Utilities will retain access to the leased area for maintenance purposes.

W-H GT is seeking a twenty-five (25) year lease with the option to assign the license (to a subsequent owner) with the City's prior approval. The agreement also includes a minimum of 180 day notice, in writing, prior to terminating this agreement. The proposed agreement will provide \$8,455.26, based on the approved canal rental rate of \$0.66 per square foot in annual revenue with a 2% annual increase each year over the entire twenty-five years. The Utilities General Manger concurs with the recommendations in this report.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Plan Priority No. 5 – High Performing Government, specifically Goal 5.4:** Achieving and maintaining financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

The item also aligns with each of the five Cross-Cutting Threads as follows:

- **Community Trust** – The City is transparent and makes decisions based on sound policy, inclusive community engagement, involvement of City Boards and Commissions, and timely and reliable information. Approving the License Agreement demonstrates that the City serves the public interest with benefits to the City’s diverse population that results in the greater public good.
- **Equity** – The City is supportive of racial, ethnic, religious, sexual orientation, identity, geographic, and other attributes of diversity. Approving the License Agreement demonstrates that the City is committed to advancing the fairness of treatment, recognition of rights, and equitable distribution of services.
- **Fiscal Responsibility** – The City is a prudent steward of public funds. Approving the License Agreement ensures the responsible management of the City’s financial resources in a manner consistent with the prudent stewardship of public funds while facilitating beneficial investments in all areas that the canal lies.
- **Innovation** – The City is inventive and timely in meeting the community’s changing needs. Approving the License Agreement is consistent with the community’s changing needs and prepares for the future through adaptive processes.
- **Sustainability & Resiliency** – The City is committed to meeting the needs of the present without compromising the needs of the future. Approving the License Agreement encourages development to meet the needs of the future and ensures the City’s capacity to preserve, adapt and grow.

FISCAL IMPACT:

The total fiscal impact is estimated to be \$270,824.51 over a twenty-five-year lease term. The proceeds will be deposited in the Water Fund, Public Utilities, Land and Building Rental revenue account number 000520-373100.

| | |
|--|--|
| Prepared by: | Benjamin Morales, Real Property Services Manager |
| Approved by: | Jennifer Lilley, Community & Economic Development Director |
| Certified as to availability of funds: | Kristie Thomas, Finance Director/Assistant Chief Financial Officer |
| Approved by: | Rafael Guzman, Assistant City Manager |
| Approved as to form: | Phaedra A. Norton, City Attorney |

Attachments:

1. License Agreement, W-H GT Owner IX, L.P.
2. Presentation

RD:

01/25/2024

G:\Real_Property\Documents\Admin\2024\24-admin-003-Council Staff Report-hines-21801 barton.docx