



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JUNE 6, 2016

ITEM NO: 10

File ID – 16-1684 – Consent

SUBJECT: FIRST AMENDMENTS TO GROUND LEASE AND WATER LEASE AGREEMENTS WITH AMERICAN YOUTH SOCCER ORGANIZATION - REGION 47 FOR USE OF AB BROWN SOCCER COMPLEX THROUGH JUNE 30, 2018 - \$24,000 IN GROUND LEASE REVENUE PLUS IN KIND SERVICES IN THE FORM OF MAINTENANCE - ESTIMATED \$28,000 ANNUAL REVENUE FOR WATER SALES

ISSUE:

The item for Board of Public Utilities consideration is a recommendation that the City Council approve the First Amendment to Lease Agreement for American Youth Soccer Organization – Region 47 (AYSO) for use of the Ab Brown Soccer Complex through June 30, 2018 and the First Amendment to the Water Sales Agreement.

RECOMMENDATIONS:

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

1. Approve First Amendment to the Ground Lease with American Youth Soccer Organization – Region 47 maintaining the terms of the original agreement and extending through June 30, 2018;
2. Approve First Amendment to the Water Sales Agreement with American Youth Soccer Organization – Region 47 maintaining the terms of the original agreement and extending through June 30, 2018; and
3. Authorize the City Manager, or his designee, to sign all documents and instruments necessary to complete the transaction.

BACKGROUND:

AYSO has leased the Riverside Public Utility (RPU) owned Ab Brown Soccer Complex since 1992. Under the terms of the original and subsequent agreements, AYSO and the City's Parks, Recreation and Community Services Department have developed the existing soccer fields, parking lots and concession buildings. AYSO currently provides all maintenance of the facilities, including watering, mowing, weed control, graffiti abatement and security. This maintenance activity generates significant value when compared to the cost the Utility would incur absent a tenant.

The latest agreement with AYSO will expire on June 30, 2016, and AYSO has requested an amendment to the lease agreement for the continued use of the Complex. Staff has determined that there is no current operational need for this property and therefore recommends entering into a lease agreement with AYSO. The new proposed lease extension is for a two-year period through June 2018. Staff believes this will reasonably coincide with the conclusion of the Northside Specific Plan planning process. At the conclusion of the Northside planning process a more informed discussion of the disposition of the RPU owned assets in the area will be possible.

Under the terms of the proposed Lease Extension, AYSO shall pay to City an annual lease fee of \$12,000.

As further consideration, AYSO agrees to keep the premises in a neat and clean condition free of all weeds, trash and refuse, and to keep any walls, fences, gates, signs and any other improvements adjacent to the licensed premises free from graffiti. As has been the case since inception of this use, RPU continues to reserve its water rights, to include the installation of pipelines, wells, etc. over all of the licensed property without further consent by AYSO. Given the ongoing planning process in the Northside and requisite lack of alternatives, staff believes the ground lease payment and in-kind services for maintenance are adequate and appropriate compensation for the proposed use.

The proposed water sales agreement extension provides for the delivery of non-potable water for irrigation to the fields through a service and meter connected to the well system collection pipelines at the cost of service. Staff has reviewed the on-going water use at the property and determined adequate water supply exists to continue the non-potable sale. Domestic (drinking water) for the facility is provided through separate services and meters under standard rate tariffs and are not subject to the proposed agreement.

FISCAL IMPACT:

Total revenue from this lease is \$12,000 annually. Water service revenue based on prior usage is estimated at \$28,000 annually.

Prepared by: Kevin S. Milligan, Public Utilities Deputy General Manager
Approved by: Girish Balachandran, Public Utilities General Manager
Approved by: John A. Russo, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments: 1. Location Map
 2. First Amendment to Ground Lease
 3. First Amendment to Water Sales Agreement