



Canal Parcel License Agreements Fee Schedule and Master Agreements

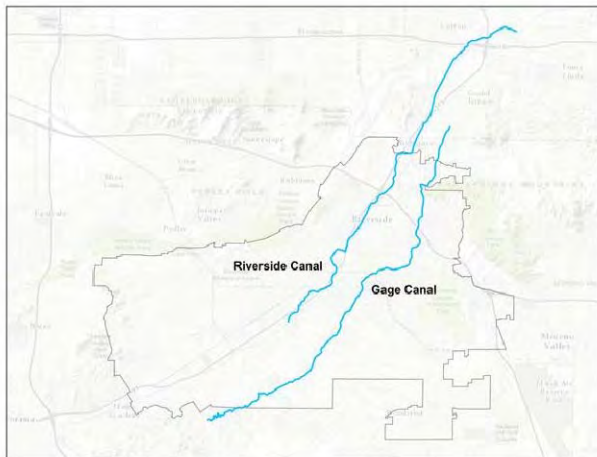
Public Utilities Department

Board of Public Utilities
April 10, 2017



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BACKGROUND



1. Riverside owns canal parcels containing Riverside and Gage canals and pipelines
 - A. Riverside Canal parcels acquired 1961
 - B. Gage Canal parcels acquired 1965
2. License agreements issued for surface use

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BACKGROUND

3. Currently 38 License Agreements issued
4. Typical uses include:
 - A. Utility crossings
 - B. Access
 - C. Parking
 - D. Landscaping



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BACKGROUND

5. License Agreements contain inconsistent terms and rental values
6. Real Property Financial Management Policy adopted November 20, 2015
 - A. Maximize rate-payer value
 - B. Stewardship, including conformance with law
 - C. Valuation using market benchmarks and third party appraisals

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PROPOSAL

1. Standardize Canal License Agreement
 - A. Five-year renewable terms
 - B. Uniform pricing based on adjacent zoning
 - C. Fixed price escalator of 2% per annum

2. Delegate administrative approvals to improve processing time
 - A. Consistent with Streamline Riverside goals
 - B. Expected to decrease processing from 5 months to 30 days



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PROPOSED RENTAL RATES

1. Established by third party appraisal completed December 2016

Adjacent Zoning	Canal Valuation (\$/SF)	Rate of Return	Canal Rental Rate (Valuation x Rate of Return) (\$/SF)
Open Space or Single Family Residential	\$2.00	7.5%	\$0.15
Multi-Family, Commercial or Industrial	\$7.50	7.5%	\$0.60 (rounded up)



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STANDARD LICENSE TERMS

1. Five-year renewable term
2. 2% rate escalator
3. \$300 minimum annual fee
4. Insurance in accordance with City's Risk Manager
5. Weed abatement and property maintenance
6. Continuing access for City to canal/pipeline facilities
7. No interference with City facilities



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CUSTOMER CONTINUITY

1. Existing agreements renew upon expiration
2. Evergreen agreements to be reissued under standard agreement terms
3. Rates to be reviewed and approved every five years (next review January 2022)
4. Non-conforming proposals/requests to be considered case-by-case



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Recommendations

That the Board of Public Utilities:

1. Approve the establishment of a set rental rate for the use of undevelopable Canal Parcels as outlined in staff report;
2. Approve an annual 2% escalation of the rate for licensed uses;
3. Authorize the City Manager, or his designee, to execute Canal Use License Agreements under the terms set forth in this staff report; and
4. Direct staff to return every 5 years to update the rental rates and fees.



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