

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JUNE 25, 2018

ITEM NO: 8

SUBJECT: CANAL PARCEL LICENSE AGREEMENT WITH MASJED OF RIVERSIDE (ISLAMIC CENTER) FOR USE OF 1045 LINDEN AVENUE AND A PORTION OF THE GAGE CANAL, 37,724 SQUARE FEET OF LAND, FOR A FIVE-YEAR TERM – 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, 37,724 square feet of land, for a five-year term – in the minimum amount of \$96,367.38.

RECOMMENDATIONS:

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

1. Approve the five-year Canal Parcel License Agreement with Masjed of Riverside (Islamic Center), a non-profit corporation, for 1045 Linden Avenue and a portion of the Gage Canal; and
2. Authorize the City Manager, or his designee, to execute the Canal Parcel License Agreement with Masjed of Riverside (Islamic Center), including making minor non-substantive changes, and to sign all documents necessary to complete the transaction.

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 (see aerial on next page highlighted in blue).

On April 3, 2007, City Council approved a six-year license 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 license agreement became effective on May 24, 2007, and expired on May 24, 2017, after the exercise of four one-year extensions.

A new license 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 (Board) 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%. 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 2% annual rental increase and a minimum \$300 annual fee (as determined by zoning and size of the parcel). City Council approved the new rental rate and terms on May 9, 2017. On April 23, 2018, the Board approved a license agreement with Masjed of Riverside for 30,863 square feet of land.



DISCUSSION:

The proposed agreement with the Islamic Center has been revised to increase the square footage from 30,863 to 37,724 for a term of five years and will be made effective retroactively to May 25, 2017. This expansion covers the westerly half of the canal that was not originally included in the license agreement approved by the Board on April 23, 2018. The subject parcel is zoned Public Facilities which would result in a rental rate of \$0.60 per square foot (valuation x rate of return) under the new uniform rental fees for canal license agreements. However, an equitable and mutually beneficial resolution is to allow the Islamic Center use of the entire paved area at the previously approved amount of \$18,517.80 annually which results in an overall rental rate of \$0.49 per square foot for 37,724 square feet of land with the stipulation that the Islamic Center will maintain the entirety of the licensed area. Staff believes this still represents the fair market value for the rental fee and this will save Riverside Public Utilities (RPU) money otherwise spent for maintenance, such as weed control, litter removal, and pavement resurfacing. This license agreement supersedes the license agreement previously approved by the Board on April 23, 2018.

Since 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 and Planning Division in 2007, the Islamic Center is still required to provide evidence of obtaining any and all permits and/or approvals required by the City to legalize the existing site improvements. In addition, RPU 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 including these stipulations.

Under the terms of the license agreement (Section 3(c)), the City may partially or totally remove any surface improvements installed by Masjed within the licensed area, as deemed necessary by the City, and the costs to replace or restore such improvements are the responsibility of Masjed.

FISCAL IMPACT:

An annual base rental fee of \$18,517.80 subject to annual 2% increases totaling \$96,367.38 over the five-year term will be deposited into the Public Utilities Water Property Rentals Account No. 0000520-373100.

Prepared by:	David Welch, Interim Community & Economic Development Director
Prepared by:	Laura M. Nomura, Utilities Assistant General Manager/Finance & Administration
Approved by:	Todd L. Jorgenson, Interim Utilities General Manager
Approved by:	Al Zelinka, City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Certifies availability of funds:	Laura M. Nomura, Utilities Assistant General Manager/Finance & Administration
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Attachment:	License Agreement – Masjed of Riverside (Islamic Center)
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