



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 26, 2018**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARD: 4**
DEPARTMENT

SUBJECT: CANAL PARCEL LICENSE AGREEMENT 7688 INDIANA AVENUE WITH TMCSF REALTY, LLC, ON BEHALF OF RIVERSIDE HARLEY-DAVIDSON FOR USE OF A PORTION OF THE RIVERSIDE WATER CANAL LOCATED AT 7688 INDIANA AVENUE FOR A FORTY-YEAR TERM – IN THE TOTAL REVENUE AMOUNT OF \$315,422

ISSUE:

Approve the Canal Parcel License Agreement with TMCSF Realty, LLC on behalf of Riverside Harley-Davidson for use of approximately 12,870 square feet of the Riverside Water Canal located at 7688 Indiana Avenue for a forty-year term in the total amount of \$315,422.

RECOMMENDATIONS:

That the City Council:

1. Approve the Canal Parcel License Agreement with TMCSF Realty, LLC for a forty-year term for approximately 12,870 square feet of Riverside Water Canal land for an initial annual rental amount of \$5,220 plus two percent (2%) annual rental increases thereafter; and
2. Authorize the City Manager, or his designee, to execute the attached Canal Parcel License Agreement for a forty-year term with TMCSF Realty, LLC, including making minor non-substantive changes, and to sign all documents necessary to complete the transaction.

BOARD RECOMMENDATION:

On June 11, 2018, the Board of Public Utilities unanimously voted to recommend to City Council to approve the Canal Parcel License Agreement with TMCSF Realty, LLC for a forty-year term for approximately 12,870 square feet of Riverside Water Canal land for an initial annual rental amount of \$5,220 plus two percent (2%) annual rental increases.

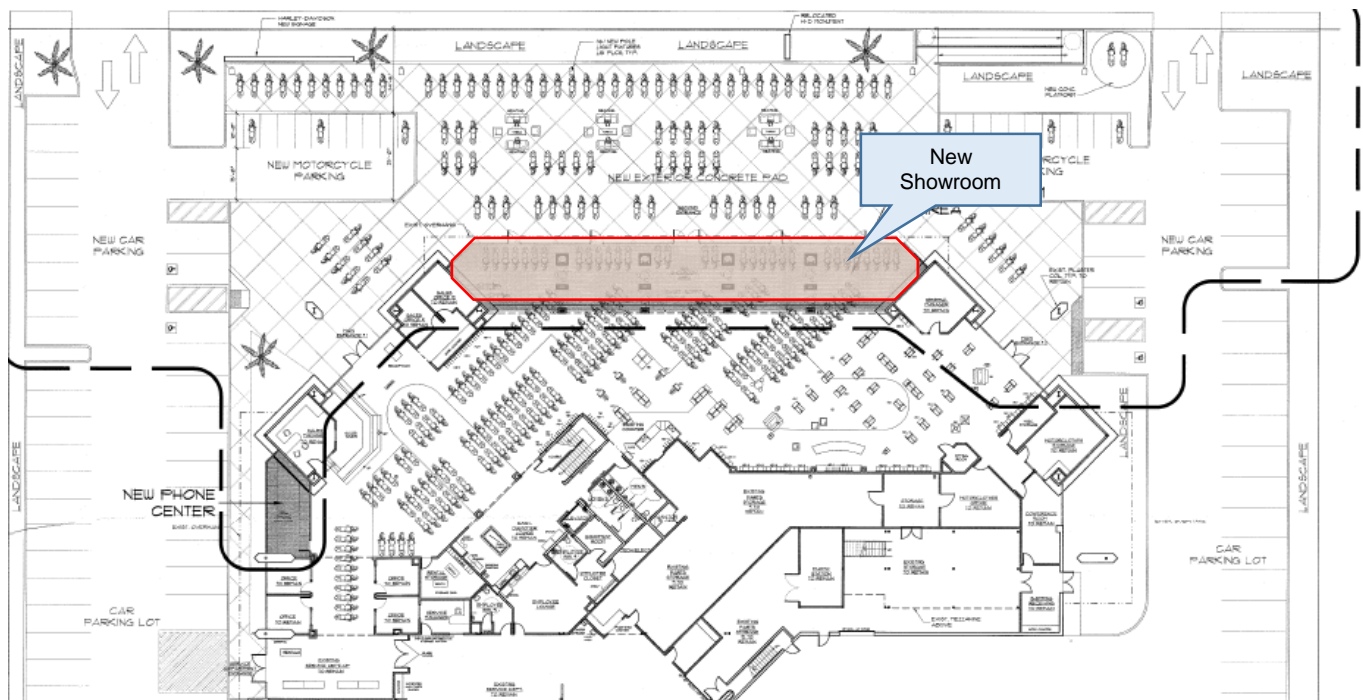
BACKGROUND:

On January 31, 2002, the City Council approved a forty-year license agreement with the prior property owner of the Riverside Harley-Davidson dealership, Dabney Properties, LLC, dba Skip Fordyce Harley-Davidson for use of approximately 12,870 square feet of the Riverside Water

Canal land located at 7688 Indiana Avenue. This license agreement became effective January 16, 2002 with an expiration date of July 31, 2042. Dabney Properties, LLC paid all costs to improve the open canal at that time which included landscape, hardscape, and reinforced concrete pipe which resulted in added value to Riverside Public Utilities. The original license agreement with Dabney Properties, LLC was structured for \$1 annual rental payments as an offset to the cost incurred by Dabney Properties, LLC for construction of the major improvements done to their licensed area of the Riverside Water Canal. Dabney Properties, LLC subsequently sold the Riverside Harley-Davidson dealership and real property to TMCSF Realty, LLC in 2016 thus rendering the license agreement with Dabney Properties, LLC as null and void.

DISCUSSION:

The Riverside Harley-Davidson dealership plans to expand and build a new larger showroom for sale of their motorcycles as depicted in red on the site map below. Since TMCSF Realty, LLC is now the current property owner of the Riverside Harley-Davidson dealership, a new license agreement is necessary to allow for their continued use of the Riverside Water Canal. The proposed Canal License Agreement will allow for grading and paving the land area for vehicular ingress and egress, traffic circulation and parking. It will also require TMCSF, LLC to keep the premises clean and free of any structures, invasive landscaping, rubbish and debris. The Riverside Water Canal will remain in operation as it has historically.



The proposed new Canal Parcel License Agreement with TMCSF Realty, LLC has been prepared for a term of forty-years to be consistent with the original license agreement term. As part of the Agreement, Licensee shall pay to City a license fee in the amount of \$5,222.00 annually with two percent annual increases thereafter. License fees shall be payable monthly in the amount of \$435.17 on the first day of each month commencing upon the effective date of the Canal Parcel License Agreement.

The annual rental amount is slightly less than the \$0.60 per square foot annual rate as established

by the Uniform Rental Fees for Use of Undeveloped Canal Parcels approved by City Council on May 9, 2017. Staff applied a rental reduction over the forty-year term of the proposed Canal Parcel License Agreement to account for the cost of improvements spent to pave over the canal and installation of a reinforced concrete waterline pipe incurred by the Riverside Harley-Davidson dealership as part of the original license agreement. Staff believes the proposed rental amount is fair and reasonable.

For these reasons, staff recommends that City Council approve the proposed Canal Parcel License Agreement. Other than the rate and term, the proposed license agreement is consistent with the Master License Agreement for use of Canal Parcels as approved by City Council on May, 9, 2017.

FISCAL IMPACT:

An annual base rental fee of \$5,222.00 subject to annual two percent increases totaling \$315,422 over the forty-year term will be deposited into the Public Utilities Water Property Rental Account Number 520-373100 for the proposed Canal Parcel License Agreement with TMCSF Realty, LLC, on behalf of Riverside Harley-Davidson.

Prepared by:	David Welch, Interim Community & Economic Development Director
Certified as to	
availability of funds:	Adam Raymond, Chief Finance Officer/City Treasurer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Gary G. Guess, City Attorney

Attachments:

1. License Agreement – TMCSF Realty, LLC (Riverside Harley-Davidson)
2. Public Utilities Board Minutes