



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JULY 10, 2018

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 1
DEPARTMENT

SUBJECT: SECOND AMENDMENT TO LEASE AGREEMENT WITH AMERICAN YOUTH SOCCER ORGANIZATION – REGION 47 FOR USE OF AB BROWN COMPLEX THROUGH JUNE 30, 2019 WITH TWO ADDITIONAL ONE-YEAR EXTENSIONS, ANNUAL REVENUE AMOUNT OF \$12,000 IN GROUND LEASE REVENUE PLUS IN KIND SERVICES IN THE FORM OF MAINTENANCE; SECOND AMENDMENT TO WATER SALE AGREEMENT AB BROWN SPORTS COMPLEX AMERICAN YOUTH SOCCER ORGANIZATION – REGION 47 THROUGH JUNE 30, 2019 FOR TWO ADDITIONAL ONE-YEAR PERIODS FOR THE CONTINUED DELIVERY OF NON-POTABLE WATER FOR IRRIGATION TO THE FIELDS AT THE COST OF SERVICE ESTIMATED AT \$28,000 ANNUAL REVENUE FOR WATER SALES

ISSUES:

Approve the Second Amendment to Lease Agreement with American Youth Soccer Organization - Region 47 for the use of AB Brown Complex through June 30, 2019, with two additional one year extensions, in the annual revenue amount of \$12,000; and the Second Amendment to Water Sale Agreement AB Brown Sports Complex with American Youth Soccer Organization – Region 47 through June 30, 2019, with two additional one-year periods, for the continued delivery of non-potable water for irrigation to the fields at the cost of service estimated at \$28,000 annual revenue for water sales.

RECOMMENDATIONS:

That the City Council:

1. Approve the Second Amendment to Lease Agreement with American Youth Soccer Organization - Region 47 for the use of AB Brown Complex through June 30, 2019, with two additional one year extensions, in the annual revenue amount of \$12,000;
2. Approve the Second Amendment to Water Sale Agreement AB Brown Sports Complex with American Youth Soccer Organization – Region 47 through June 30, 2019, with two additional one-year periods, for the continued delivery of non-potable water for irrigation to the fields at the cost of service estimated at \$28,000 annual revenue for water sales;

3. Authorize the City Manager, or his designee, to execute the Second Amendment to Lease Agreement and the Second Amendment to Water Sales Agreement with American Youth Soccer Organization – Region 47, including making minor, non-substantive changes, to sign all documents and instruments necessary to complete the transaction, and to execute amendments for the optional extensions; and
4. Direct staff to return to the City Council on an annual basis with a report on the accounting of all funds collected by AYSO from non-AYSO entities for use of the Property during the preceding year of the Lease.

BOARD RECOMMENDATION:

On June 25, 2018, the Board of Public Utilities voted with six ayes, one no and two absent to recommend that City Council approve the Second Amendment to Lease Agreement with American Youth Soccer Organization - Region 47 for the use of AB Brown Complex through June 30, 2019, with two additional one year extensions, in the annual revenue amount of \$12,000; and the Second Amendment to Water Sale Agreement AB Brown Sports Complex with American Youth Soccer Organization – Region 47 through June 30, 2019, with two additional one-year periods, for the continued delivery of non-potable water for irrigation to the fields at the cost of service estimated at \$28,000 annual revenue for water sales.

BACKGROUND:

American Youth Soccer Organization – Region 47 (AYSO) has leased the Riverside Public Utility (RPU) owned Ab Brown Soccer Complex since 1992. On June 6, 2016, the Public Utilities Board approved a First Amendment to Ground Lease and a First Amendment to Water Sales Agreement and on June 7, 2016, City Council approved both agreements.

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. The maintenance activity generates significant value when compared to the maintenance cost RPU would incur absent a tenant.

DISCUSSION:

The existing agreements with AYSO will expire on June 30, 2018 and AYSO has requested an extension for the continued use of the Ab Brown Soccer Complex. RPU staff have determined that there is no current operational need for this property and therefore recommends entering into the proposed lease amendments with AYSO. The new proposed lease extension is for a one-year period which will expire on June 30, 2019 and allow for two options for one-year extensions through June 30, 2021. Staff believes this time frame will reasonably coincide with the completion of the Northside Specific Plan planning process. At the conclusion of the Northside Specific Plan, a more informed discussion of the potential disposition of the RPU owned assets in the general area, including the Ab Brown Soccer Complex and former Riverside Golf Course properties, will be possible.

Under the terms of the proposed Second Ground Lease Amendment, AYSO shall continue to pay an annual lease fee of \$12,000 to the City and 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 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 leased 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 terms of the original Ground Lease will remain the same, except for the following terms which have been added to the proposed Second Ground Lease Amendment:

- 1) Term: The term of the Lease is hereby extended by one year, until June 30, 2019. Lessee shall have an option to extend the term of the Lease for two (2) additional one-year periods. Lessee may exercise such options by (i) sending a written request to the City at least one hundred twenty (120) days prior to the expiration of the then-current term of the Lease; (ii) providing an accounting of all other use of the Property by non-AYSO entities during the preceding year of the Lease; and (iii) providing an accounting of all funds collected by AYSO from non-AYSO entities for use of the Property during the preceding year of the Lease.
- 2) Use of Property:
 - a. Section 3(e) - The parties agree to work cooperatively to review compliance with all applicable laws. The City shall review the Property for compliance with the Americans with Disabilities Act and expects to complete such review by December 31, 2018. The parties will meet and confer to discuss the results of the City's review, and required improvements. The parties agree that compliance with the Americans with Disabilities Act is the obligation of AYSO and that AYSO has committed to spend up to approximately \$40,000.00 for 21 handicapped parking spaces. The cost for any obligations in excess thereof will be subject to further discussions between the parties.
 - b. Section 3(f) - Lessee may from time to time permit the use by other groups of the Property but subject to compliance by such groups with the terms and conditions of this Agreement; and
 - c. Section 3(g) - Lessee shall allow additional uses of the Property during the last week in June, all July and the first three weeks in August by other athletic organizations with a priority given to Riverside based youth athletic organizations at equitable rates to be mutually agreeable by the Scheduling Committee. The use of the Property during this time period shall not relieve or otherwise alter Lessee's maintenance obligations under Section 7 of the Lease, which shall remain in full force and effect.
- 3) Termination: Section 21 - The City may unilaterally terminate the Lease during either of optional one-year extension terms of the Agreement by providing one hundred and eighty (180) days written notice to Lessee prior to expiration of either of the extended terms of the Agreement.

- 4) Schedule of Use: Section 28 - The Scheduling Committee shall meet quarterly to review the uses that AYSO has scheduled for the Property and shall ensure that Riverside based youth organizations shall be given priority for use of the Property either when AYSO is not using the fields or during the time periods noted in Section 3(g) herein.
- 5) Other: All terms and conditions of the Lease not inconsistent with this Second Amendment shall remain in full force and effect, and are incorporated herein by this reference as if set forth in full.

The proposed Second Amendment to Water Sales Agreement allows for the continued delivery of non-potable water for irrigation to the fields through a service and meter connected to the well system collection of pipelines at the cost of service. Staff has reviewed the on-going water use at the property and determined that adequate water supply exists to continue the non-potable sale. Domestic (drinking) water for the facility is provided through separate services and meters under the standard rate tariffs and are not subject to the proposed agreement. The terms of the original Water Sales Agreement will remain the same, except for the following terms which have been added to the proposed Second Amendment to Water Sales Agreement:

- 1) Term: The term of the Agreement is hereby extended by one year, until June 30, 2019. AYSO shall have an option to extend this Agreement for two (2) additional one-year periods. AYSO may exercise such options by (i) sending a written request to the City at least one hundred twenty (120) days prior to the expiration of the then-current term of the Agreement; (ii) providing an accounting of all other use of the property by non-AYSO entities during the preceding year of the Agreement; and (iii) providing an accounting of all funds collected by AYSO from non-AYSO entities for use of the property during the preceding year of the Agreement.
- 2) Termination: Section 9 - The City may unilaterally terminate this Agreement during either of the optional one-year extension terms of the Agreement by providing one hundred and eighty (180) days written notice to AYSO prior to expiration of either of the extended terms of the Agreement.
- 3) Other: All terms and conditions of the Agreement not inconsistent with this Second Amendment shall remain in full force and effect, and are incorporated herein by this reference as if set forth in full.

FISCAL IMPACT:

Total revenue from the ground lease is \$12,000 annually. All lease revenue will be deposited into Public Utilities Other Property Rental Account No. 0000510-373120. Water service revenue based on prior usage is estimated at \$28,000 annually and will be collected as part of the normal billing process for Riverside Public Utility water customers.

Prepared by:	David Welch, Interim Community & Economic Development Director
Certified as to	
availability of funds:	Adam Raymond, Chief Financial Officer/City Treasurer
Approved by:	Rafael Guzman, Assistant City Manager

Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Second Amendment to Ground Lease
2. Second Amendment to Water Sales Agreement
3. Public Utility Board Meeting Minutes
4. Presentation