



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 13, 2018

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 3
DEPARTMENT

SUBJECT: LEASE AGREEMENT WITH 20/20 PLUMBING & HEATING, INC., FOR USE OF A PORTION OF CITY OWNED LAND LOCATED AT 5961 ACORN STREET FOR EMPLOYEE PARKING FOR A FIVE-YEAR TERM TO GENERATE \$150,000 IN RENTAL INCOME AND EXPEND UP TO \$80,000 FOR PARKING LOT UPGRADES TO BE REIMBURSED FROM 20/20 PLUMBING & HEATING, INC. – SUPPLEMENTAL APPROPRIATION

ISSUE:

Approve the Lease Agreement with 20/20 Plumbing & Heating, Inc. of Riverside for use of a portion of 5961 Acorn Street for employee parking for a five-year lease term generating revenue in the amount of \$150,000 and authorize a supplemental appropriation of \$80,000 for parking lot upgrades and the reimbursement from 20/20 Plumbing & Heating, Inc.

RECOMMENDATIONS:

That the City Council:

1. Approve a Lease Agreement with 20/20 Plumbing & Heating Inc. of Riverside, California for use of a portion of 5961 Acorn Street for a five-year term generating revenue in the total amount of \$150,000;
2. Authorize a supplemental appropriation of \$80,000 to the Contra in Aid of Construction revenue account 0000550-375000 and Building and Improvements expenditure account 4125000-462050 for parking lot upgrades; and
3. Authorize the City Manager, or his designee, to execute the Lease Agreement with 20/20 Plumbing & Heating Inc. including making any non-substantive changes and to sign all documents necessary to complete the transaction.

BACKGROUND:

20/20 Plumbing & Heating Inc. was established in 2015 and owns three parcels located on Winterhaven Avenue and Orangewood Drive north of Jurupa Avenue westerly and adjacent to 5961 Acorn Street.

Vehicle employee parking is severely limited in this area and 20/20 Plumbing & Heating (Lessee)

requested the City enter into a lease agreement that would allow for parking lot upgrades to a lot on City-owned property next to the City's existing CNG Station to facilitate additional 20/20 employee parking. The vacant land is part of the City's existing CNG Station located at 5961 Acorn Street which is controlled by the Public Works Department.

(Please see site map on Page 2)



DISCUSSION:

Per the agreement, the City will be responsible to make upgrades to the premises to prepare it for 20/20 Plumbing & Heating's occupancy. The City will be responsible for determining the scope of work for the upgrades and will perform the upgrades with its own contractor or City crews. The City will replace existing gravel with an appropriately designed and constructed asphalt lot in accordance with parking lot design standards, including a Storm Water Pollution Prevention Plan (SWPPP) and will implement any appropriate storm water runoff measures.

20/20 Plumbing & Heating will reimburse the City for the full cost of the parking lot upgrades not to exceed \$80,000 and pay for the SWPPP, per the terms and conditions of the lease agreement

prior to 20/20 Plumbing & Heating taking occupancy of the property.

During the five year term of the agreement, 20/20 Plumbing & Heating agrees to make monthly payments of \$2,500 to the City (Public Works) along with a one-time security deposit fee of \$2,500 prior to taking occupancy.

If at any time 20/20 Plumbing & Heating makes any improvements on the Premises, the improvements will become the absolute property of the City. 20/20 Plumbing & Heating agrees to maintain and keep the entire Premises and all improvements located thereon in good condition and repair and to keep the Premises, in a clean and orderly condition. Moreover, 20/20 Plumbing & Heating will be responsible for the payment of any possessory interest taxes imposed by the County of Riverside.

Lastly, this lease may be terminated upon mutual agreement between the City and 20/20 Plumbing & Heating provided that the party desiring to terminate provides at least ninety (90) days' notice of intent to terminate. In the event the City provides such notice to terminate before the five (5) year term, the City will reimburse 20/20 Plumbing & Heating a prorated amount of the costs 20/20 paid for the upgrades installed on the lot.

The Public Works Director concurs with the recommendations in this report.

FISCAL IMPACT:

An annual rental fee of \$30,000 totaling \$150,000 over the five years will be deposited into the Land and Building Rental Account Number 0000550-373100 for the Lease Agreement with 20/20 Plumbing & Heating Inc., for the use of a portion of 5961 Acorn Street. A one-time reimbursement fee will be deposited into the Contra in Aid of Construction Account Number 0000550-375000 for Reimbursement of Tenant Improvements from 20/20 Plumbing & Heating for all parking lot upgrades not to exceed \$80,000.00. A one-time security deposit of \$2,500 will be deposited into the Security Deposit Account Number 0000550-224000.

Prepared by:	David Welch, Interim Community & Economic Development Director
Certified as to	
Availability of funds:	Edward Enriquez, Interim Chief Financial Officer/Treasurer
Approved by:	Al Zelinka, FAICP, City Manager
Approved as to form:	Gary G. Guess, City Attorney

Attachment: Lease Agreement – 20/20 Plumbing & Heating Inc.