



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE:** JANUARY 13, 2020

**ITEM NO:** 9

**SUBJECT:** LICENSE AGREEMENT WITH CITICASTERS CO. FOR THE USE OF TEN ACRES OF PELLISSIER RANCH FOR A FIVE-YEAR TERM AND TOTAL REVENUE IN THE AMOUNT OF \$170,016

**ISSUE:**

Recommend that the City Council approve the License Agreement with Citicasters Co., an Ohio Corporation, for the use of ten acres of Pellissier Ranch for a five-year term and total revenue in the amount of \$170,016.

**RECOMMENDATIONS:**

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

1. Approve the License Agreement with Citicasters Co., an Ohio Corporation, for the use of ten acres of Pellissier Ranch for a five-year term and total revenue in the amount of \$170,016; and
2. Authorize the City Manager, or designee, to execute the agreement, including making minor non-substantive changes, and to sign all documents necessary to complete the transaction.

**BACKGROUND:**

On December 1, 1994, the City of Riverside (City) entered into a twenty-year lease with Hispanic Radio Broadcasters, owner of Radio Station KDIF, for the construction and operation of a radio broadcasting tower/facility on 10 acres of land within Pellissier Ranch. Hispanic Radio Broadcasters sold the radio station to Jacor Communications, Inc./Citicasters Co. On August 11, 1998, the City approved an assignment of the lease with Hispanic Radio Broadcasters to Citicasters, Co. with all terms remaining the same.

On July 8, 2014, the City approved a First Amendment to the Lease with Citicasters Co. to extend the lease an additional five (5) years which expired on November 30, 2019. The First Amendment also included a rent increase to \$1,335 per month, plus an annual Consumer Price Index (CPI) escalator, and updated insurance requirements to meet City standards.

On April 10, 2017, the Board of Public Utilities 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 percent. 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 annually for all other zoned areas are reasonable rental rates. All license agreements should have a minimum five-year term with a two (2) percent annual rental increase and a minimum \$300 annual fee (as determined by zoning and size of the parcel). The City Council subsequently approved the item on

May 9, 2017.

## **DISCUSSION:**

In June 2019, Real Property Services staff began negotiations with Citicasters Co. for a new license agreement. With the approval of the Northside Inter-jurisdictional Specific Plan pending that may affect the future development of Pellisier Ranch, a long-term agreement for this continued use at the site is not desirable.

Since the subject site is not a Canal parcel, the calculation to establish a standard rate for Canal parcels is not a viable method to calculate a new rental rate for Citicasters Co. However, the values supplied by the appraisal report were used as a base for the proposed license agreement. The subject parcel is zoned Industrial. The radio tower encumbers approximately 10 acres of the site. Staff negotiated a new five-year License Agreement with Citicasters Co. that provides for two percent (2%) annual rent increases. Citicasters Co. is aware that the proposed License Agreement will not be renewed at the end of the five-year term. The License Agreement also includes a one-year termination notice in the event the City needs possession of the site prior to the expiration of the License Agreement.

The current agreement with Citicasters Co. expired on November 30, 2019. On October 17, 2019, per the terms of the agreement, the City consented to a month-to-month tenancy at \$1,921.17 per month. Upon approval of the new License Agreement, the annual rent for Citicasters Co. will increase to \$32,670; which is \$2,722.50 per month. Below is a table showing the calculation over the five-year term:

<b>Year</b>	<b>Annual Base Rent</b>	<b>Plus 2% Increase</b>	<b>Annual Total</b>
1	\$32,670.00		\$32,670.00
2	\$32,670.00	\$653.40	\$33,323.40
3	\$33,323.40	\$666.47	\$33,989.87
4	\$33,989.87	\$679.80	\$34,669.67
5	\$34,669.67	\$693.39	\$35,363.06
		<b>Total</b>	<b>\$170,016.00</b>

The Community & Economic Development Director concurs with the recommendations in this report.

## **FISCAL IMPACT:**

The license revenue over the five-year term will generate an estimated revenue of \$170,016. All revenue will be deposited into the Public Utilities' Land and Building Rental account number 0000520-373100.

Prepared by: Todd L. Jorgenson, Public Utilities General Manager/Water  
Approved by: Todd M. Corbin, Utilities General Manager  
Approved by: Al Zelinka, FAICP, City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability  
of funds: Brian Seinturier, Utilities Fiscal Manager

Attachment: License Agreement with Citicasters Co.