



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 14, 2023

FROM: PARKS, RECREATION AND COMMUNITY WARD: 5
SERVICES DEPARTMENT

SUBJECT: MAINTENANCE AND LEASE AGREEMENT WITH GLESS RANCH, INC., FOR CROP CARE AND MAINTENANCE AT CERTAIN PARCELS LOCATED ON VICTORIA AVENUE BETWEEN LA SIERRA AND MYRTLE AVENUE IN THE CITY OF RIVERSIDE FOR THE TERM OF JULY 1, 2023, THROUGH JUNE 30, 2028, FIVE YEAR LEASE REVENUE IN THE AMOUNT OF \$226,000 TOTAL; AND 35% PROFIT SHARE OF NET INCOME IN PROFIT YEAR; AND THE OPTION TO EXTEND FOR FOUR ADDITIONAL FIVE (5) YEAR PERIODS.

ISSUE:

Approve the maintenance agreement with Gless Ranch, Inc. for the crop care and maintenance at certain parcels located on Victoria Avenue between La Sierra and Myrtle Avenue in the City of Riverside, for the term of July 1, 2023, through June 30, 2028, generating a five-year lease revenue in the total amount of \$226,000 and 35% profit share of net income in profit years.

RECOMMENDATIONS:

That the City Council:

1. Approve the maintenance agreement with Gless Ranch, Inc. for Crop Management and Maintenance for a period of five (5) years generating lease revenue in the amount of \$226,000 and 35% profit share of net income in profit years with the option to extend for 4 additional five (5) year periods.
2. Authorize the City Manager, or designee, to execute the Agreement with Gless Ranch, Inc., including making minor and non-substantive changes.

BACKGROUND:

With 1988 bond funds, the City of Riverside (City) acquired approximately sixty-six (66) acres of land planted with navel oranges in connection with the granting of funds under Proposition 70 which are under the management of the Park and Recreation Department. The City currently has a profit-sharing lease with Gless Ranch on approximately twenty (20) acres of this land. Under an informal arrangement, Gless Ranch has been handling all crop maintenance for the balance of the groves for the most part from the time they were acquired.

In 1998, the City acquired ten (10) acres at the corner of Van Buren Boulevard and Dufferin Avenue. John Gless of Gless Ranch agreed to lease these 10 acres under a twenty (20) year lease agreement to terminate on June 20, 2019. Once all costs incurred by Gless Ranch have been recovered or upon termination of the agreement, the revenue produced by the grove will be shared between the City and Gless Ranch with each receiving fifty percent (50%) of the proceeds for each remaining crop year.

Gless Ranch has agreed to take over the costs and maintain the groves under the Crop Maintenance Agreement dated March 22, 1999. The original term of the agreement was for one year with automatic one-year renewals with Gless Ranch receiving 50% of the net proceeds from the crops.

On March 6, 2022, the City Council approved the first amendment to the agreement extending the term to June 30, 2022.

On June 28, 2022, City Council approved the second amendment to the agreement to include grove APN 239-190-009, APN 239-190-016, and APN 239-190-017; to include a non-exclusive license to the fruit stand on APN 239-190-016; and to extend the term June 30, 2023.

On March 10, 2023, the Parks, Recreation and Community Services Department (PRCSD) posted a Request for Proposal No. 2264 for Crop Management and Maintenance services.

On April 4, 2023, the City received no proposals.

On April 13, 2023, PRCSD started negotiations with Gless Ranch Inc., throughout the meetings discussions on the length of the agreement were discussed. It was determined that a longer agreement term would be beneficial for both the City and Gless Ranch, Inc.

The longer term would help the City secure their long-term revenue and anticipated returns. Gless Ranch, Inc. is currently growing and maintaining trees that require long term commitment. A year-to-year agreement could jeopardize the City's long-term investment if the vendor is not committed to long-term maintenance practices.

Due to the increase in Huanglongbing (HLB) disease, PRCSD. would like to diversify the land and add avocado crops, to plan for future impacts from HLB disease. This is unfortunately not possible with a one-year agreement, as it takes a decade to get a return on new trees.

Gless Ranch Inc. is the City's vendor for other groves on Public Works and RPU properties. They have been managing these groves for almost 25 years and the proposed agreement is the first-time reliable rent and profit share in the profitable years has been negotiated. The previous agreements carries forward any losses, which resulted in a little revenue portion of the groves and \$0 revenue in other portions of the groves over the last 25 years.

DISCUSSION:

There are nine City owned parcels located on the north side of Dufferin Avenue between Van Buren Boulevard and Irving Street. These parcels include groves that were purchased to serve as a grove gateway for the California Citrus State Park. Gless Ranch has continued to operate and maintain the crop parcels identified by APNS 238-100-010, 238-100-011, 239-190-009, 239-190-010, 239-190-013, 239-190-014, 239-190-015, 239-190-016, 239-190-017, under the Lease and Crop Agreement that will expire on June 30, 2023.

The current agreement with Gless Ranch, Inc. terminated on June 30, 2023. To ensure that crop groves are maintained, the PRCSO is requesting to enter into a five-year agreement with Gless Ranch, Inc.

On March 10, 2023, the City of Riverside posted RFP 2264 for Crop Management and Maintenance Services. The project was advertised on PlanetBids, and on March 16, 2023, one company attended the non-mandatory pre-proposal meeting. With a total of twelve (12) Prospective Bidders, the RFP closed on April 4th, 2023, at 3:00PM PT and received no valid proposals. One company provided a Non-Bidder response, stating that the company was not equipped to provide the requested services of the project.

As the City did not receive any valid responses, and as the City also wished to continue the services uninterrupted to provide a continuous revenue source, utilizing a purchasing exception was determined to be the best course of action. Purchasing Resolution No. 23914 Section 702 (w) states that “When approved by the Manager, Services not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions need by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process.”

The Purchasing Manager concurs these recommendations are in accordance with Purchasing Resolution 23914 section 702 (w).

STRATEGIC PLAN ALIGNMENT:

The agreement with Gless Ranch, Inc. aligns with **Strategic Priority 1 - Arts, Culture and Recreation**, and contributes to **Strategic Goal 1.3** to “*Improve parks, recreational amenities, open space, and trail development, and fulfill critical lifecycle and facility maintenance needs.*”

This action aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – Ensuring groves are maintained benefit the community as a whole and ensure the lots are utilized for positive and productive use.
2. **Equity** – The partnership with Gless Ranch Inc. benefits the City as a whole by preserving the City’s history with the orange industry.
3. **Fiscal Responsibility** – This agreement generates revenue for the City and allows the orange groves to continue to be maintained.
4. **Innovation** – The partnership with Gless Ranch Inc., allows the fields to continue to be maintained.
5. **Sustainability & Resiliency** – Maintenance of the parcel of land preserves the City’s history with the orange industry and preserves the fields for future generations.

FISCAL IMPACT:

The total fiscal impact to the City as a result of this profit-sharing agreement is approximately \$45,200 annually and \$226,000 for the term of the agreement. Lease revenue for fruit groves is expected to generate \$27,200 annually. In addition, the grove stand lease revenue is expected to generate \$18,000 annually. 35% of the total net proceeds will be paid to the City of Riverside, and the exact payment will vary. Payments listed in this report are estimates only.

Revenue for lease will be deposited into the accounts as outlined below:

Fund	Program	Account	Annual Amount	Term Amount
<i>Fruit Stand Lease Revenue</i>				
General Fund	PRCS-Land & Building Rental Revenue	5215000-373100	\$18,000	\$90,000
<i>Grove Lease Revenue</i>				
General Fund	PRCS-Land & Building Rental Revenue	5215000-373100	\$27,200	\$136,000
Total			\$45,200	\$226,000

Prepared by: Pamela M. Galera, Parks, Recreation and Community Services Director

Certified as to

availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer

Approved by: Kris Martinez, Assistant City Manager

Approved as to form: Phaedra A. Norton, City Attorney

Attachments: 1. Crop Maintenance Agreement