



# TERMINATION AGREEMENT WITH STRONG CAPITAL I LP FOR LICENSE NUMBER 0251979

Community & Economic Development Department

## Board of Public Utilities

June 24, 2024

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## BACKGROUND

1. On August 16, 1954, the Southern California Edison Company (Edison), entered into an Indenture Agreement (Indenture) with the Southern Pacific Transportation Company, aka Strong Capital, I LP (Railroad).
2. The Indenture granted Edison the rights to an easement for the construction and maintenance of a 14" water pipeline (Facilities) in Grand Terrace.



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## BACKGROUND

3. On December 29, 1978, the City of Riverside (City), through its Public Utilities Department (RPU), entered into an Assignment of License Agreement (License) with Edison.
4. The License transferred all interests within the Indenture to the City and established a \$115 annual payment with CPI rental adjustments.



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## DISCUSSION

1. The Facilities' easement is approximately 3,150 square feet long and is located in Grand Terrace, east of South La Cadena Drive, between Barton Road and the Santa Ana River.
2. Prior to abandonment in 1985, the Facilities supplied water from the La Sierra Well to the Riverside Water Company Canal.
3. In 2017, Railroad Management, LLC, the authorized agent for Strong Capital I LP, sent a request for the payment of License fees dating back to 2001.



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# DISCUSSION

4. Staff subsequently began negotiations with Railroad Management, LLC regarding the \$4,758.40 in arrears, a possible license termination, and the possible abandonment of the Facilities.
5. Staff successfully negotiated the ability to abandon the Facilities in place at no cost, saving RPU approximately \$300,000 in removal costs.
6. The Agreement will also absolve RPU from the payment of past due fees and guarantee full compliance with Railroad guidelines for capping off the existing Facilities.



# THE FACILITIES

Subject Site:

1. Approximately 3,150 sf, depicted by a dashed yellow line
2. Located in Railroad right-of-way
3. City of Grand Terrace, San Bernardino County



# STRATEGIC PLAN ALIGNMENT

## Strategic Plan Priority No. 5 – High Performing Government

**Goal 5.4** – Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

### Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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# RECOMMENDATIONS

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

1. Approve the Termination Agreement with Strong Capital I LP, a Delaware limited partnership, for License Number 0251979; and
2. Authorize the City Manager, or his designee, to execute the Agreement, including making minor and non-substantive changes.



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