



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JULY 16, 2024

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT WARDS: ALL

SUBJECT: TERMINATION AGREEMENT WITH STRONG CAPITAL I LP, A DELAWARE LIMITED PARTNERSHIP, FOR LICENSE NUMBER 0251979

ISSUE:

Approve the Termination Agreement with Strong Capital I LP, a Delaware limited partnership, for License Number 0251979.

RECOMMENDATIONS:

That the City Council:

1. Approve the Termination Agreement (Attachment 1 - 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.

BOARD RECOMMENDATION:

On June 24, 2024, the Board of Public Utilities recommended to City Council to approve the Termination Agreement with Strong Capital I LP, a Delaware limited partnership.

BACKGROUND:

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

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. The License allowed Edison the ability to transfer all interests within the Indenture to the City, as well as to establish a \$115 annual payment with Consumer Price Index rental increases.

DISCUSSION:

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, as depicted by a dashed yellow line in the aerial below. Prior to its abandonment in 1985, the Facilities supplied water from the La Sierra Edison Well located in Grand Terrace to the Riverside Water Company Canal.

In 2017, the City received communication from Railroad Management, LLC, the authorized agent for the Railroad, requesting the payment of license fees dating back to 2001. 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.



Staff successfully negotiated an Agreement with Railroad Management, LLC that will grant RPU the ability to abandon the Facilities in place at no cost, saving RPU approximately \$300,000 in removal costs. 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 Interim Utilities General Manager concurs with the recommendations in this report.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Plan Priority No. 5 – High Performing Government, specifically 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.

The item also aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The City is transparent and makes decisions based on sound policy, inclusive community engagement, involvement of City Boards & Commissions, and timely and reliable information. By approving the Agreement, it shows that the activities and actions by the City serve the public interest, benefit the City's diverse population, and result in greater public good.
2. **Equity** – The City is supportive of the city's racial, ethnic, religious, sexual orientation, identity, and other attributes of diversity. Approving the Agreement demonstrates that the City is committed to advancing the fairness of treatment, recognition of rights, and equitable distribution of services to ensure every member of the community has equal access to share in the benefits of community progress.
3. **Fiscal Responsibility** – The City is a prudent steward of public funds and approving the Agreement ensures responsible management of the City's financial resources while providing quality public services to all.
4. **Innovation** – The City is inventive and timely in meeting the community's changing needs. By approving the Agreement, the City demonstrates how it prepares for the future through collaborative partnerships and adaptive processes.
5. **Sustainability & Resiliency** – The City is committed to meeting the needs of the present without compromising the needs of the future. Approving the Agreement ensures the City's capacity to persevere, adapt and grow during good and difficult times alike.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by:	Jessica Andresen, Real Property Services Assistant
Approved by:	Jennifer A. Lilley, AICP, Community & Economic Development Director
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Attachments:

1. Termination Agreement
2. Presentation