



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: AUGUST 20, 2024

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: OUTSIDE CITY LIMITS
DEPARTMENT

SUBJECT: ANNEXATION INTO A MAINTENANCE COMMUNITY FACILITIES DISTRICT
FOR THE CITY OF RIVERSIDE OWNED PROPERTY LOCATED AT 1388 SOUTH
E. STREET, SAN BERNARDINO, CALIFORNIA

ISSUE:

That the City Council approve the annexation of the City of Riverside's property located at 1388 South E. Street, San Bernardino, into the City of San Bernardino's Community Facilities District No 2019-1.

RECOMMENDATIONS:

That the City Council:

1. Approve the annexation of the City of Riverside's property located at 1388 South E. Street, San Bernardino, into the City of San Bernardino's Community Facilities District No 2019-1; and
2. Authorize the City Manager, or designee, to execute the annexation documentation for the City of Riverside as landlord of that property for the City of San Bernardino's Community Facilities District No 2019-1, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction.

BOARD RECOMMENDATION:

On July 8, 2024, the Board of Public Utilities voted unanimously to recommend the City Council approve the annexation of the City of Riverside's property located at 1388 South E. Street, San Bernardino, into the City of San Bernardino's Community Facilities District No 2019-1.

BACKGROUND:

Riverside Public Utilities (RPU) controls the City-owned vacant land located at 1388 South E Street, San Bernardino, adjacent to the 215 Freeway south of Orange Show Road ("Property"). For approximately 37 years, the Property was leased from RPU to auto dealerships, first to Holiday Oldsmobile and later to Center Chevrolet. The Property was vacant from 2008 until 2010 when the vacant buildings were demolished to reduce the City's liability.

October 12, 2021, City Council approved a Commercial Lease Agreement with WattEV, SB1, Inc., (WattEV) for an initial 15-year term plus three optional five-year extensions for the establishment of an electrical truck leasing and charging facility.

On June 20, 2023, City Council approved a First Amendment to Commercial Lease Agreement with WattEV, amending the Rent Commencement Date from February 12, 2023, to October 1, 2023 and amending the expiration date from February 11, 2038 to September 30, 2038.

On February 13, 2024, City Council approved a Grant of Easement with Southern California Edison for high voltage electrical services needed to power vehicle charging stations on the Property.

DISCUSSION:

On July 17, 2019, the Mayor and City Council of the City of San Bernardino adopted Resolution No. 2019-178 establishing Community Facilities District (CFD) No. 2019-1 for the purpose of levying special taxes on parcels of taxable property to provide certain services including but not limited to: maintenance of landscape and lighting of parks, parkways, streets, roads and open spaces, maintenance and operation of storm drainage facilities, graffiti removal and other public or private services permitted in the area surrounding the subject project. The Property, leased to WattEV, is a new development project and subject to the City of San Bernardino's CFD No. 2019-1.

As part of the City of San Bernardino's entitlement process, WattEV is required to obtain all permits and comply with the City of San Bernardino's Conditions of Approval for the establishment of an electrical truck leasing and charging facility project. On February 13, 2024, WattEV sent a request to the City of Riverside to sign the Landlord requirements for the application to the City of San Bernardino requesting annexing into a CFD No 2019-1.

The annexation into the maintenance CFD will include approximately 2,564 square feet of landscaping on decomposed granite, street maintenance of approximately 28,412 square feet, sidewalk maintenance of approximately 4,780 square feet and two streetlights that are solar powered only and two extra heads to be provided by City of San Bernardino staff.

WattEV is responsible for the application fees for the annexation as well as the fees associated with CFD No 2019-1 for the entirety of the Lease Agreement.

STRATEGIC PLAN ALIGNMENT:

The City's action on behalf of WattEV to annex the property into the required City of San Bernardino's CFD No 2019-1 aligns with Strategic Priority 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.

The annexation into the maintenance CFD with the City of San Bernardino, also aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The annexation confirms that the City is a good steward of real property assets for the benefits of RPU's ratepayers.

2. **Equity** – The annexation demonstrates that the City is equitable in distribution of services, which ensures that every member of the community has equal access to share the benefits of community progress.
3. **Fiscal Responsibility** – The annexation demonstrates that the City is a prudent steward of public funds and ensures responsible management of the City’s financial and property resources.
4. **Innovation** – The annexation demonstrates that the City is innovative by partnering with WattEV and City of San Bernardino to offer charging stations for medium and heavy-duty electric vehicles, which will reduce the carbon footprint in a neighboring city and demonstrates that the City is on the forefront of innovative strategies for clean businesses
5. **Sustainability & Resiliency** – The annexation will ensure present and future reliability, resiliency, and sustainability for this City-owned property.

FISCAL IMPACT:

There is no fiscal impact associated with this report. All costs associated with annexation application are the responsibility of the tenant, WattEV, through the term of the lease.

Prepared by: Benjamin Morales, Real Property Services Manager

Approved by: David A. Garcia, Interim Utilities General Manager

Certified as to

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

Approved by: Rafael Guzman, Assistant City Manager

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

Attachments:

1. Annexation Application
2. Presentation