



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: JULY 8, 2024**

**SUBJECT: LEASE OF VACANT PROPERTY WITH ROHR, INC., A PART OF COLLINS AEROSPACE, A DELAWARE CORPORATION FOR NINE ACRES OF VACANT LAND LOCATED AT 8200 ARLINGTON AVENUE, FOR A FIVE-YEAR TERM, FOR THE CONSTRUCTION MATERIALS YARD FOR THE RIVERSIDE TRANSMISSION RELIABILITY PROJECT 69KV SYSTEM, IN THE AMOUNT OF \$500,000; WORK ORDER 642975 FOR THE EXPENDITURE IN THE AMOUNT OF \$500,000**

### **ISSUES:**

Consider recommending that the City Council approve the Lease of Vacant Property with Rohr, Inc., a part of Collins Aerospace, a Delaware corporation for approximately nine acres of vacant property located at 8200 Arlington Avenue, for a five-year term, for construction materials yard for the Riverside Transmission Reliability Project 69kV sub-transmission system, in the amount of \$500,000; and that the Board of Public Utilities approve the expenditure in the amount of \$500,000 for Work Order 642975.

### **RECOMMENDATIONS:**

That the Board of Public Utilities:

1. Approve the expenditure of \$500,000 for Work Order 642975 for the lease of vacant property with Rohr Inc., a part of Collins Aerospace, a Delaware corporation;

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

2. Approve the Lease of Vacant Property with Rohr, Inc., a part of Collins Aerospace, a Delaware corporation for approximately nine acres of vacant property located at 8200 Arlington Avenue, for a five-year term, for a construction materials yard for the Riverside Transmission Reliability Project 69kV sub-transmission system, in the amount of \$500,000; and
3. Authorize the City Manager, or their designee, to execute the Lease of Vacant Property, including making minor non-substantive changes, and to sign all documents necessary to complete the transaction.

## **BACKGROUND:**

The Riverside Transmission Reliability Project (RTRP) is a joint project with Southern California Edison (SCE) to provide the City of Riverside with a second connection to the state electric transmission grid to address its capacity and reliability needs. As part of RTRP, improvements are required to RPU's sub-transmission system within the City to increase capacity between key substations.

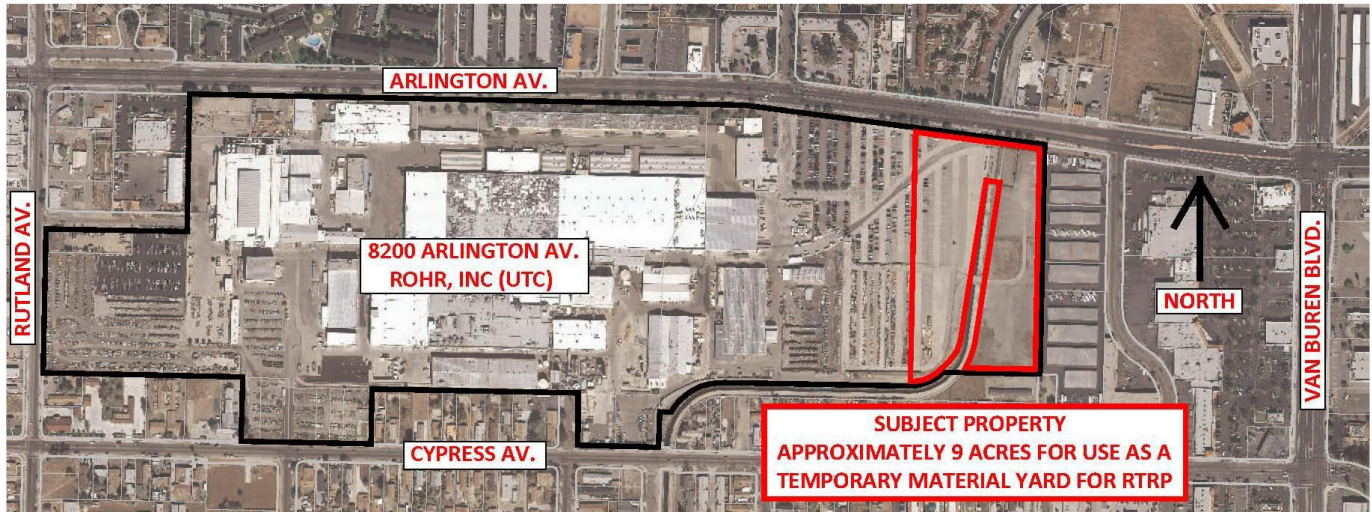
RTRP includes construction of approximately nine miles of double circuit 230kV transmission lines, installation of approximately 10 miles of 69kV sub-transmission lines within the City of Riverside, construction of two new substations – Wildlife (SCE) and Wilderness (RPU), improvements to five existing RPU 69kV substations, system improvements for reconfiguration of existing sub-transmission and distribution lines, and installation of new telecommunication lines.

The construction of RPU's 69kV sub-transmission component of RTRP requires a material yard for material storage and equipment needed for construction. In February 2015, RPU staff, in collaboration with Real Property Services of Riverside's Community & Economic Development Department, searched for a suitable property to accommodate the need for the 69kV construction without any impediment to the project progress. The search began with City owned properties and expanded to include private properties. The approximate nine (9) acre site at Rohr, Inc. was sought as the preferred economic and environmentally favorable location to support the project needs subject to the Board and City Council approval.

On July 10, 2017, the Board of Public Utilities approved the expenditure for a five-year lease and recommended to the City Council to approve the lease of nine (9) acres of vacant property with Rohr, Inc., located at 8200 Arlington Avenue for a construction materials yard for RTRP 69kV sub-transmission system in the amount of \$500,000.

On July 25, 2017, the City Council approved the lease agreement with Rohr, Inc. for the nine (9) acres of vacant land located at 8200 Arlington Avenue for three years plus two one-year options to extend the agreement. The City Council also authorized the City Manager, or their designee, to execute the lease agreement for three years and the two one-year options to extend, including making minor and non-substantive changes, and to sign all documents necessary to complete the transaction.

On August 7, 2017, the City of Riverside Public Utilities (RPU) entered into the lease agreement with Rohr, Inc., but the lease period did not commence until May 1, 2019, after the completion of the preliminary site preparation by the property owner (Rohr, Inc.) per the agreement. The initial three-year term expired on April 30, 2022. But before that, the City exercised its options on February 8, 2022, to extend the agreement through April 30, 2024, due to the construction status for RTRP.



Vacant property on Arlington Avenue

### **DISCUSSION:**

The construction status for the RTRP project requires a new land lease for five years to be used for a construction materials yard. The project is projected to be completed by late 2028. This necessitated RPU staff to initiate meetings with Rohr, Inc. to explore the possibility of a new five-year lease term to support RTRP until its projected completion by the end of 2028. Rohr, Inc. approved the new lease, and both parties agreed to the amount of \$500,000 for a five-year term.

No additional improvements are needed to the property. RPU has previously installed temporary power, sufficient lighting to illuminate the entire material yard, remote monitoring security, and constructing facilities for the safe handling and secure storage of materials at the location. The property is flat; its surface is a combination of concrete, asphalt, and gravel, and security fences enclose the property. It is ideal for the safe handling and secure storage of materials, and it is centrally located within the project area. The property is large enough to allow for the safe navigation of large equipment that is required to handle materials that will be staged at the property.

RPU and Real Property Services staff, after careful consideration, determined that the five-year term lease for \$500,000 is a fair lease price. This determination was based on a thorough analysis of the current market value and inflation, and a comparison to the original leased amount of \$500,000 from the initially executed lease in August 2017. Staff also investigated various options and concluded that the proposed new lease agreement is fair to all parties. It provides the most economical, environmental, and efficient means to provide the logistics needed to construct RTRP.

### **STRATEGIC PLAN ALIGNMENT:**

This item contributes to **Strategic Priority 6 - Infrastructure, Mobility and Connectivity** and **Goal 6.2** – Maintain, protect, and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

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

1. **Community Trust** – This project is part of overall Riverside Transmission Reliability Project that underwent a significant public outreach campaign, which included numerous public meetings and extensive collaboration with the key stakeholders to receive public input and build community trust.
2. **Equity** – RPU endeavors to provide safe and reliable electric service to all its customers. Since RPU's electric system is an interconnected network, investments made to individual parts of the system improve the reliability of the overall system, thereby providing an equitable benefit to all customers.
3. **Fiscal Responsibility** – RPU investigated various options and negotiated to ensure the best price for this new lease extension for the material yard. In addition, prior improvements made to the site make it ideal and ready for continuous use without having to spend any additional funding on the site.
4. **Innovation** – A collaborative and innovative approach will be used to maintain and manage facilities in such a way to minimize potential disruptions to RPU resources in order to maintain customer satisfaction.
5. **Sustainability & Resiliency** – RPU is committed to meeting the needs of the present without compromising the needs of the future and ensuring the City's capacity to persevere, adapt and grow during good and difficult times alike.

#### **FISCAL IMPACT:**

The total fiscal impact is \$500,000. Sufficient funds are available in Public Utilities Electrical Capital Account No. 6130000-470685.

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Approved by:	David A. Garcia, Interim Utilities General Manager
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. 2024 Land Lease Agreement
2. Presentation