

**SUMMARY REPORT PURSUANT TO  
CALIFORNIA GOVERNMENT CODE SECTION 52201  
ON THE  
PROPERTY LEASE  
BY AND BETWEEN THE  
CITY OF RIALTO  
AND  
LAMAR CENTRAL OUTDOOR LLC**

The following Summary Report sets forth certain details of the proposed Property Lease (Lease) between the City of Rialto (City/Lessor) and Lamar Central Outdoor LLC (Lessee). The purpose of the Lease is to generate revenue from City/Lessor owned property fronting the 210 Freeway.

The Lease requires the City/Lessor to Lease a small portion (Leased Premises) of an approximately 7.2 acre parcel of land (Site) to the Lessee and requires the Lessee to construct and operate a digital display on the Leased Premises (Project) with access from Casmalia Street across the Site.

**BACKGROUND STATEMENT**

The following Summary Report is based upon information contained within the Lease, and is organized into the following four sections:

Salient Points of the Lease: This section includes a description of the Project and the major responsibilities imposed on the City/Lessor and the Lessee by the Lease.

Cost of the Lease to the City/Lessor: This section details the total and net cost to the City/Lessor associated with implementing the Lease.

Estimated Fair Market Value of the Interests to be Conveyed: This section estimates the fair market value of the interests to be conveyed taking into account the development requirements and conditions imposed on the Project.

Consideration Received and Comparison with the Established Value of the Site: This section describes the compensation and other public revenues and expenses that accrue to the City/Lessor, and explains any difference between the compensation to be received and the established value of the Site.

Creation of Economic Opportunity and Public Purpose: This section explains how the Lease will assist in creating economic opportunity in the City.

## **SALIENT POINTS OF THE LEASE**

### **A. Project Description**

The proposed display location is located on the westerly edge of the Site in the northern portion of the City on Casmalia Street, approximately 2,750 feet west of Alder Avenue. The property is currently zoned Freeway Incubator in the Renaissance Specific Plan, which allows for a variety of retail and business uses. The Site owned by the City/Lessor and affected by the Lease consists of approximately 7.2 acres. The City/Lessor intends to develop a 6-acre property to the east for an RV dealership, and may grant an option for the development of the Site for additional RV storage. The digital display will occupy a small portion of the 7.2 acre Site.

The proposed Project includes construction and operation of a dual sided digital display facing the 210 Freeway, including supporting structures, illumination facilities and connections on an approximately 2,500 square foot footprint (the “Leased Premises”). The City/Lessor proposes to grant a non-exclusive license and utility easements over the Site allowing access to the Leased Premises from the most suitable location once it develops for other purposes and the parties agree to cooperate to identify the least invasive method of servicing the Leased Premises.

### **B. City/Lessor Responsibilities**

The Lease requires the City/Lessor to perform as follows:

1. The City grants a Lease term of 20 years, with option by the Lessee to extend for an additional 10 years – all commencing on the Commencement Date that is the first day of the first calendar month upon completion of the Display.
2. The City conditions the Lease upon and subject to Lessee’s ability to obtain at Lessee’s sole cost (i) any and all required entitlements and approvals from the City or other applicable governmental agencies, including those required under California Environmental Quality Act (Public Resources Code Sections 2100 *et seq.*) (“CEQA”), for Lessee’s construction, use, and operation of the Sign and its Appurtenant Rights (as defined below); and (ii) any and all required approvals from the California Department of Transportation (including the California Department of Transportation Outdoor Advertising Division (“Caltrans”) that may be necessary in order to allow for the construction and installation of the Sign on the Leased Premises, including, without limitation, the relocation of one of Lessee’s existing outdoor advertising billboard display to the Leased Premises pursuant to the California Outdoor Advertising Act

("COAA"). The Lessee shall have 12 months after the Effective Date of the Lease to obtain all required entitlements and permits, with the City Administrator authorized to grant one four month extension. Either party may terminate the Lease if the entitlements and permits cannot be secured within the allowable periods.

3. The Leased Premises consist of a 2,500 square foot pad at the westernmost edge of the City Property. Lamar will have exclusive use of this property to construct, maintain and operate a V shaped double digital display visible to east and west bound traffic on the 210 Freeway.

### **C. Lessee Responsibilities**

The Lease imposes the following additional responsibilities on the Lessee:

1. The Lessee shall lease the Site from the City/Lessor for the greater of (1) a base rental of \$40,000 per year or (b) 25% of the gross advertising revenue. The base rental shall adjust every 5 years in accordance with the CPI, but in any event not to exceed 20% of the gross advertising revenue in the immediately preceding year.
2. The Lessee shall be solely responsible for applying for and obtaining all land use entitlements, including approvals from other governmental authorities to allow the relocation of a billboard from another jurisdiction to this location. The Lease provides a period of 12 months to secure land use entitlements, subject to extension for cause for an additional 4 months.
3. The Lessee shall pay all customary planning, permit and processing fees, development impact fees imposed by the City/Lessor or other regulatory agencies, all Fair Share Fees imposed by the City/Lessor or other regulatory agencies, the Renaissance Specific Plan/EIR fee and Renaissance Specific Plan Traffic Mitigation Fair Share Fee.
4. The Lessee shall complete normal and customary due diligence investigations including title reviews, environmental site assessments, soil testing and development feasibility.
5. Lessee shall pay for any leasehold title insurance and other costs related to the Lease transaction, and also provide liability insurance and indemnities as required by the Lease.
6. Lessee shall pay all operating costs associated with the operation of the display, including all utilities and personal property or possessory interest taxes.

7. Lessee shall allow the City/Lessor to use the display to advertise City events or public service announcements at no charge not less than 3 times each year. The Lessee may provide alternative displays in close proximity to the City subject to City approval.
8. Lessee shall prepare and maintain proper records subject to audit by the City.

#### **COST OF THE LEASE TO THE CITY/LESSOR**

The City/Lessor acquired the 7.2 acre site in 2018 and it is valued at its acquisition cost of \$2.3 million. The City/Lessor will have no direct cost associated with implementation of the Lease, as the Lease requires the Lessee to bear all costs associated with the permitting, construction, and operation of the facility.

#### **ESTIMATED FAIR MARKET VALUE OF THE INTERESTS TO BE CONVEYED**

The City/Lessor will provide an exclusive use area of approximately 2,500 square feet and a non-exclusive license for access purposes across the remainder of the 7.2 acres. The City/Lessor and Lessee shall cooperate to provide access with minimal impacts to operations on the remainder land. The fair market value of the leased premises is estimated at \$20,000 based upon the underlying land value. It is assumed that the occupancy of the Leased Premises will not impair the adjoining land value.

#### **CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE OF THE SITE**

Based on the Lease, the City/Lessor will lease the Premises for the greater of \$40,000 per year or 25% of the gross advertising revenue. The estimated revenue is \$100,000 per year based upon expected gross advertising revenues of \$400,000 per year. The City's return on investment is therefore substantial, even at the minimum rent standard.

#### **CREATION OF ECONOMIC OPPORTUNITY AND PUBLIC PURPOSE**

The City/Lessor has identified the Site as a potential site for future commercial uses, consistent with the Freeway Incubator Zone. However, the site lacks basic public improvements including streets, curbs gutters, sidewalks storm drainage and street lighting. The Site may lack private utility improvements such as gas, electric, cable and phone services. All of these services will be extended as required by the City during the entitlement process for the Project (as appropriate for the Project).

The project will generate significant general fund revenues for the City/Lessor and provide highly visible public display opportunities for the City.