



City of Rialto

Legislation Text

File #: 16-431, **Version:** 1

For City Council Meeting [July 12, 2016]

TO: Honorable Mayor and City Council

APPROVAL: Michael Story, City Administrator

FROM: Robb R. Steel, Assistant CA/Development Services Department

Request City Council Consideration of Month-to-Month Temporary Use and Rental Agreement by and between the City of Rialto and Aquatech Food Support Systems for the property located at 1449 and 1455 N. Linden Avenue.

BACKGROUND:

On or about May 9, 2016, staff met with Esteban Garcia and Bruce Milne of Aquatech Food Support Systems, Inc. ("*Aquatech*") to provide them with basic site search and selection services. Mr. Garcia and Mr. Milne indicated that they were looking for an existing vacant and underutilized building of approximately 5,000 - 10,000 square feet to establish a hydroponic/aquaponic farming operation.

Staff indicated that there were very few, if any, existing vacant buildings that met their site selection criteria; however, staff indicated that the City had a few vacant hangars at the former Rialto Airport that appeared to meet their requirements and could possibly serve on an interim basis. Staff showed Mr. Garcia and Mr. Milne a vacant 6,600 square foot hangar located at 1455 N. Linden Avenue. Mr. Garcia and Mr. Milne indicated that the building was exactly what they were looking for and wanted to know the terms under which the City would lease them the site.

On May 18, 2016, the Economic Development Committee (EDC) received a brief presentation from representatives of *Aquatech* regarding its proposed business operation. A copy of the EDC presentation is attached hereto as **Exhibit A**. The EDC expressed support for the venture and directed staff to work with *Aquatech* to negotiate the terms of a rental agreement, conditioned upon the following: (1) the use would be temporary, (2) the business waives entitlement to relocation benefits, and (3) and Lewis-Hillwood Rialto approves the temporary use in accordance with the Contracts of Sale.

ANALYSIS/DISCUSSION:

The hangars at 1449 and 1455 N. Linden are currently vacant (**Exhibit B**). These hangars and the remaining improvements at the former Airport are not slated for demolition until the final tenant (Yancey) relocates his business and vacates the buildings located at 1479 and 1481 N. Linden Avenue. Given the timeframe to make improvements to Mr. Yancey's relocation site, staff anticipates that the Premises and surrounding building will be not be scheduled for demolition for approximately one year, around July 2017. The temporary use of this building for this proposed use will promote this new sustainable farming model, as well as provide other community benefits, including several jobs to local residents/veterans, on-site security services at the former Airport, and the donation of

organically grown fruit and vegetables to various local community organizations.

Based upon the direction of the EDC, staff drafted a proposed Temporary Use and Rental Agreement for two hangars at the former Rialto Airport (**Exhibit C**).

Premises: 1455 N. Linden Avenue -- 6,600 square foot hangar with offices

1449 N. Linden Avenue -- 3,200 square foot hangar space

Condition: Property will be provided in its present "AS-IS" Condition.

Tenant shall be solely responsible for cleaning and preparing premises for their intended use.

Rental Rate: \$3,000 per month (based upon \approx \$0.30 per square foot)

In-Lieu Rents: Tenant shall provide various in-kind goods and services (*Exhibit C of Agreement*) to City in an amount equal to or greater than the fair market rental rate of \$3,000 per month. In-lieu of rents, tenant shall provide:

- Donation of Food*
- Hiring of local residents as employees
- Site tours and promotional activities
- On-site security services

*Food donations shall commence once harvesting begins but no later than 90 days from occupancy.

Utilities/Taxes: Tenant shall pay for the provision of all utilities that serve the Premises. Tenant shall be responsible for the payment of any Possessory Interest taxes.

Insurance: Tenant shall carry liability insurance in an amount of not less than \$1,000,000. Tenant's liability insurance shall name City of Rialto as an additional insured.

Commencement: July 15, 2016

Termination Date: 60 days following written notice to terminate by either party.

Relocation: Tenant shall not be eligible for any relocation assistance. Tenant shall execute a formal relocation waiver as a condition precedent to the effectiveness of the Temporary Use and Rental Agreement.

Zoning/Permitting: The tenant will be responsible for complying with the minimum requirements for off-street parking and for filing tenant improvement plans and obtaining building, plumbing, and electrical permits prior to occupancy.

Fair Market Rent

The proposed \$3,000 per month is consistent with the fair market rents of \$0.30 per square foot established for the Rialto Airport when it was operational.

In-Kind Rents

As proposed, the City will not receive monetary compensation for the Premises, but rather Tenant will provide in-kind goods and services to the City that will effectively be equal to or greater than the fair market rent of \$3,000 per month. The donation of food will not take place until the farming operation is operational and harvesting begins. It is anticipated that the food donations will commence within 90 days of occupancy. The remainder of the in-kind services can commence immediately.

Consent of Lewis-Hillwood Rialto (LHR)

In accordance with Section 5.10(c) of the Second Amended and Restated Contract of Sale for Areas B, C, and D., the City covenanted that it would not take any voluntary actions that would materially change the condition of the property being acquired by LHR, including granting easements or encumbering the property in any manner. The proposed Temporary Use and Rental Agreement would encumber and affect a portion of the Airport Property. LHR has provided the City with a letter consenting to the proposed temporary use and rental agreement (**Exhibit D**).

ENVIRONMENTAL IMPACT:

The proposed rental agreement is not defined as a project pursuant to Section 15378 of the California Environmental Quality Act (CEQA). The proposed rental agreement is an organizational or administrative action that will not result in direct or indirect physical changes in the environment. The use of the hangar for temporary hydroponic/aquaponic gardening is a Class 1 exemption from the provisions of CEQA pursuant to Section 15301, EXISTING FACILITIES. Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination including but not limited to: Interior or exterior alterations involving such things as interior partitions, plumbing, and electrical conveyances. A Notice of Exemption has been prepared and is attached to this agenda report as **Exhibit E**.

GENERAL PLAN CONSISTENCY:

The City of Rialto has identified several guiding principles, goals and objectives within the City's recently adopted General Plan through which the City looks to improve the community. The proposed action is consistent with the following guiding principles, goals, and objectives contained in the City's General Plan.

Guiding Principal

Rialto is committed to environmental sustainability, which means meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Goals and Objectives

Goal 2-30: Incorporate green building and other sustainable building practices into development projects.

Goal 3-1: Strengthen and diversify the economic base and employment opportunities, and maintain a positive business climate.

Policy 3-1.2: Encourage a variety of businesses to locate in Rialto, including retail, high technology, professional services, clean industries, logistics-based businesses, and restaurants/entertainment uses to promote the development of a diversified local economy

Policy 3-1.7: Encourage employers to hire residents of the immediate area with incentives such as a reduction in licensing fees

LEGAL REVIEW:

The City Attorney has reviewed and approved the staff report and proposed Agreement.

FINANCIAL IMPACT:

Currently the City does not receive any rental revenue from the Premises. The proposed Temporary Use and Rental Agreement would not provide the City with any actual rental revenues, but instead would provide various in-kind goods and services that may have some intrinsic value.

RECOMMENDATION:

Staff recommends that the City Council:

- 1) Approve a Month-to-Month Temporary Use and Rental Agreement by and between the City of Rialto and Aquatech Food Supply System for the property located at 1449 and 1455 North Linden Avenue, substantive in form and content as that attached hereto in **Exhibit C**.
- 2) Authorize the City Administrator or his designee to execute the Temporary Use and Rental Agreement and administer the terms of the Agreement at his discretion, including executing and serving Notice to Terminate Tenancy.