

ORDINANCE NUMBER O- 1751

DATE OF FINAL PASSAGE OCT 27 2008

AN ORDINANCE AUTHORIZING THE MAYOR, OR HIS DESIGNEE, TO EXECUTE A 15-YEAR PERCENTAGE LEASE WITH RANCHO DE LA LOMA, LLC FOR APPROXIMATELY 64 ACRES LOCATED IN THE SAN PASQUAL VALLEY AGRICULTURAL PRESERVE.

WHEREAS, the acreage is authorized for the growing and harvesting of avocados and other related agricultural use; and

WHEREAS, the Rancho De La Loma avocado orchard was planted by a previous lessee in 1971; and

WHEREAS, in 1983, Witman Ranch bought the leasehold and assumed debt owed to the Small Business Association; and

WHEREAS, under new management, the leasehold became a productive business and the SBA was paid all past due loans amounts in less than the agreed timeframe; and

WHEREAS, the Witman family has leased agricultural land from the City since Bill Witman arrived in the San Pasqual Valley [Valley] in 1965; and

WHEREAS, Bill Witman's son, Matt Witman, has been a part of the family business for the last 26 years and is now in charge of all operations for Witman Ranch, which includes Rancho De La Loma, LLC; and

WHEREAS, the lease area consists of approximately 64 acres located on a steep southern hillside within the Valley. Forty acres are used for avocado production; the remaining 24 acres are comprised of access roads, a metal storage building and firebreak areas.

WHEREAS, in 2003, to adjust to market trends and maximize the revenue from the avocado grove, the Witmans obtained certified organic status. Certified organic farming utilizes ecologically based practices such as cultural and biological pest management, exclusion of all synthetic chemicals, antibiotics, and hormones in crop production; and

WHEREAS, the current lease has approximately two years remaining on the original 24-year term; and Rancho De La Loma, LLC is requesting a new 15-year percentage lease agreement for approximately 64 acres in the San Pasqual Valley Agricultural Preserve on Water Department Property; and

WHEREASE, the leasehold sustained extensive damage as a result of the October 2007 Witch Creek Fire when approximately 60% of the avocado grove and 90% of the above ground irrigation were destroyed or damaged; and

WHEREAS, Matt Witman appeared before the Ad-Hoc Fire Prevention and Recovery Committee in January requesting a new lease term to enable reinvestment in the leasehold; and

WHEREAS, Rancho De La Loma, LLC is requesting a new 15-year percentage lease agreement for approximately 64 acres in the San Pasqual Valley Agricultural Preserve on Water Department Property; and

WHEREAS, Matt Witman proposes to spend approximately \$180,000 to restore the avocado grove to pre-fire production levels within 5-7 years; and

WHEREAS, under the proposed lease, rent to the City will be 25% of the lessee's first \$550,000 of gross income and 33% of gross income above \$550,000 per year, less picking and packing costs, and the annual minimum rent is \$15,000 per year; and

WHEREAS, that the staff has determined this rent structure, will provide the City a greater share of the lessee's gross income than the existing lease, to be commensurate with the market; and

WHEREAS, that the average rent over the last five years has paid an average annual rent of \$105,401. Percentage rent paid to the City in the first few years of the new lease will be lower than this amount while the lessee reestablishes production from the grove. The proposed lease also contains a fire recovery rent credit of \$25,000 for the first year and \$15,000 for the second year, and

WHEREAS, the agreement conforms to the Water Departments implementation of the Groundwater Management Plan currently underway in San Pasqual Valley, and to the San Pasqual Vision Plan implemented in 2005 as Council Policy 600-45; and

WHEREAS, Rancho De La Loma's certified organic status provides further protection to the City's groundwater basin; NOW, THEREFORE,

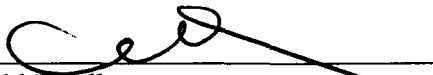
BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That the Mayor, or his designee, is authorized to execute and deliver, for and on behalf of The City of San Diego [City], a fifteen (15) year lease between Rancho De La Loma, LLC., as tenant, and the City, as lessor, relating to the leasing of approximately 64 acres of land, a copy of which is in the Office of the City Clerk as Document No. 00- 15791

Section 2. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been available to the City Council and the public a prior to the day of passage.

Section 3. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By 
Todd Bradley
Deputy City Attorney

TB:bas
09/22/08
Or.Dept: READ
O-2009-45
MMS #6811

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of OCT 21 2008.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 10-27-08
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor