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RESOLUTION NUMBER R- 307542

DATE OF FINAL PASSAGE JUN 28 2012

A RESOLUTION AUTHORIZING THE CITY OF SAN DIEGO TO ENTER INTO A 20-YEAR PERCENTAGE RATE LEASE WITH HENRY RANCH ESCONDIDO, LP, FOR THE USE OF APPROXIMATELY 107 ACRES OF PUBLIC UTILITIES DEPARTMENT PROPERTY LOCATED WITHIN THE SAN PASQUAL VALLEY AGRICULTURAL PRESERVE.

WHEREAS, the proposed 20-year agreement will lease an area of approximately 107 acres of Public Utilities Department property located within the San Pasqual Valley Agricultural Preserve to Henry Ranch Escondido, LP, for the purpose of operating an avocado farm; and

WHEREAS, this same leasehold area sustained extensive damage during the 2007 Witch Creek Fire that burnt through the San Pasqual Valley; during that fire, 100% of the avocado grove and 90% of the above-ground irrigation system was destroyed or damaged; and

WHEREAS, the proposed lease will give the lessee time to amortize the approximate \$1,500,000 of investment needed to restore the avocado grove to its pre-fire production levels, including the 10 years it will take to bring the new trees back to being 100% productive; and

WHEREAS, the proposed lease will also provide the City with a proven, capable, and knowledgeable lessee for City property within the San Pasqual Valley Agricultural Preserve and who will provide and maintain perimeter fencing to curtail unwanted and unauthorized activity on the leasehold property; and

WHEREAS, the proposed lease requires a minimum rent of \$32,800 per year; includes updated water, insurance and best management practices provisions; and conforms to the Public Utilities Department implementation of the Groundwater Management Plan, currently underway

in the San Pasqual Valley, and the San Pasqual Vision Plan implemented in 2005 as Council Policy 600-45;

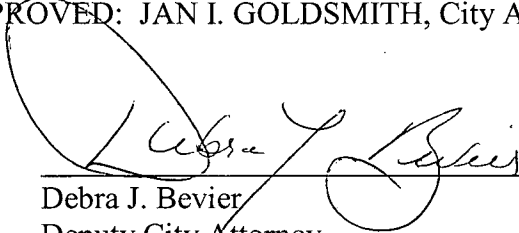
WHEREAS, the proposed lease will also allow the City to maximize the settlement proceeds it can realize in its lawsuit against SDG&E for damages to City property suffered as a result of the 2007 fire; NOW, THEREFORE,

BE IT RESOLVED, that the Mayor, or his designee, is hereby authorized to enter into and execute a new 20-year Percentage Rate Lease with Henry Ranch Escondido, LP, commencing July 1, 2012, for the purpose of operating an avocado farm within the San Pasqual Agricultural Preserve.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to accept and deposit the lease revenues from the leased property into Public Utilities Department Operating Fund 700011, and to accept and deposit all settlement proceeds from the property into Public Utilities Department Operating Fund 700011 to be used by Public Utilities for management of water, land, and natural resource assets in the San Pasqual Valley.

APPROVED: JAN I. GOLDSMITH, City Attorney

By

  
Debra J. Bevier  
Deputy City Attorney

DJB:mm

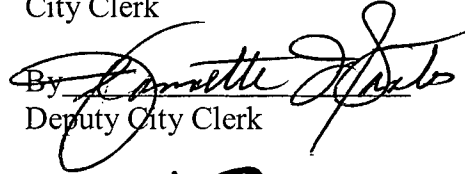
June 12, 2012

Or. Dept: Real Estate Assets Dept.

PL#2012-10193

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 26 2012

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 6-28-12  
(date)

  
\_\_\_\_\_  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

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JERRY SANDERS, Mayor