



Staff Report

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**File #:** 23-0034

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**REQUEST FOR CITY COUNCIL AND  
CORONA UTILITY AUTHORITY ACTION**

**DATE:** 01/04/2023

**TO:** Honorable Mayor and City Council Members  
Honorable President and Board Members

**FROM:** Utilities Department

**SUBJECT:**  
Easement Agreement with the Army Corp of Engineers for Water Reclamation Facility No. 1 located at 2205 Railroad Street.

**EXECUTIVE SUMMARY:**

This staff report asks Council to approve an Easement Agreement between the Army Corp of Engineers (ACOE) and the City of Corona for Water Reclamation Facility No. 1 (WRF1). The long-term management objective of this Agreement is to provide the City of Corona a thirty-five (35) year lease for the property located at 2205 Railroad Street. The lease will be paid for through an In-Kind Service Program covering a span of seven (7) years at a cost of \$11,453,000. This property currently hosts the City's primary Water Reclamation Facility and would be a significant financial impact to residential and business customers within the City if this treatment plant were to be relocated.

**RECOMMENDED ACTION:**

**That the:**

- a. City Council approve an Easement Agreement By and Between the City of Corona and Army Corp of Engineers for the lease of property located at 2205 Railroad Street.
- b. City Council create a new Capital Project titled Water Reclamation Facility 1 Lease and authorize an appropriation of \$2,453,000 from the Sewer Utility Fund 572 to the newly created project.
- c. City Council authorize payments according to the program schedule.
- d. Corona Utility Authority review, ratify, and to the extent necessary, direct that the City Council

take the above actions.

**BACKGROUND & HISTORY:**

The Utilities Department (UD) operates and maintains three water reclamation facilities for the City of Corona. WRF1 is the largest of the three treatment facilities and is located at 2205 Railroad Street and resides on land owned by the Army Corp of Engineers (ACOE). The land has been leased to the City since 1968. Since 2017, the Utilities Department has been working with the ACOE in an effort to renew and finalize the lease for the property for the next 35-year term. The land was appraised by the ACOE in 2018 through Perdue Russell & Matthies Real Estate Appraisal. The land was valued at \$11,453,000 over the 35-year lease period.

**ANALYSIS:**

The ACOE approached the Utilities Department with an opportunity to keep the lease revenue more localized within our region through in-kind services. The City proposed the use of a management team that will consist of a City Representative, an ACOE representative, and a consulting firm. The management team will take the lead in establishing the annual scope of work details with the ACOE to create the annual request for proposal and bid the work per City and ACOE standards and guidelines. The annual scope of work will be initiated by the ACOE based on the needs of the area. The Agreement entered into by the City and the ACOE will outline a variety of opportunities but will not include specific project details. The general outline is intended to provide all parties an idea of the scope of work but leaves the actual planning of the work to be completed in the year of bid and completion. This allows the ACOE flexibility to complete a variety of tasks as they arise over the seven (7) year-program period. Tasks will include the following: fence repair, graffiti removal, non-native tree removal, vegetation, debris removal, and asphalt paving. The management team will make efforts to provide services within the general area of Corona and the Prado Basin when possible, but service areas may also include other locations managed by the ACOE.

**FINANCIAL IMPACT:**

Approval of the recommended actions will result in the creation of a capital improvement project and an appropriation of \$2,453,000 from the Sewer Utility Fund 572. The program will use the following schedule for funding: \$2,453,000 in year 1, \$2 million per year for years 2-4; and, \$1 million per year for years 5-7, with any unspent money from prior years being included in year 7 or remitted to the ACOE as final payment. There is sufficient working capital for the recommended actions. The total funding for the agreement over the seven (7) year period is \$11,453,000. Future appropriations will be included during the annual budget process based on the funding schedule and scope of work to be completed during the upcoming fiscal year.

**ENVIRONMENTAL ANALYSIS:**

This action is categorically exempt pursuant to Section 15301(b) of the Guidelines for the California Environmental Quality Action (CEQA), which states that "Existing facilities of both investor and publicly-owned utilities used to provide electric power, natural gas, sewerage, or other public utility services" is therefore exempt from CEQA. This action involves a property lease where existing structures reside, specifically WRF1, to meet public health and safety requirements related to sewage treatment and therefore is exempt from the requirements of CEQA. Therefore, no environmental analysis is required.

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**PREPARED BY:** TOM MOODY, DIRECTOR OF UTILITIES

**Attachments:**

1. Exhibit 1 - Easement Agreement