

Memorandum

TAB 55

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: January 18-19, 2017

Reference No.: 2.4c.(3) - **REPLACEMENT ITEM**
Action Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Jennifer S. Lowden, Chief
Division of Right of Way
and Land Surveys

Subject: **AIRSPACE LEASE – REQUEST TO DIRECTLY NEGOTIATE WITH THE FRESNO
RESCUE MISSION**

RECOMMENDATION

The California Department of Transportation (Department) recommends that the California Transportation Commission approve a request to directly negotiate a 25 year lease (15-year lease with two five- year options) with Fresno Rescue Mission for a proposed airspace site. The lease would include annual consumer price index (CPI) increases, as well as re-evaluations every 5 years. The initial lease rate will be based on the fair market value as determined by a Department staff appraiser.

BACKGROUND

The subject airspace site (06-FRE041-003-01) contains approximately 52,488 s.f. and is directly beneath SR 41. The Fresno Rescue Mission currently owns both parcels directly adjacent to the east and west of the proposed lease site. To the north is the proposed realigned “G” Street and to the south is Golden State Blvd. As a result of the High Speed Rail (HSR) project in the area, part of Fresno Rescue Mission’s facilities will be acquired by HSR. The Fresno Rescue Mission would be relocating facilities to the parcels directly adjacent to the proposed site. They plan to develop this proposed site with turf for recreational use and onsite parking for their facility, by grading the property and installing paving and striping for a parking lot and turf for a recreational area. Without this airspace lease, the Fresno Rescue Mission’s property would not be continuous and they would have to use G Street to get from one side of their facility to the other.

Since Fresno Rescue Mission’s interest in this site is a result of the HSR project acquisition, HSR will be paying for the relocation costs of the Fresno Rescue Mission, as well as providing long-term lease cost support. HSR will also be paying for the required Aerial Deposited Lead (ADL) testing of the lease site and any remediation costs if lead contamination is found.

Due to its location, there has been no other previous interest in this site. The site is in an industrial location where there is no demand for off-street parking. All of the nearby businesses provide their own onsite parking. Since Fresno Rescue Mission is the property owner on both sides of this site, it is highly unlikely that anyone else would show interest in this site.

The optimum return for this site would be realized through a direct lease, at Fair Market Lease Rate, with the proposed lessee for recreational use and parking.

BENEFITS TO CALTRANS:

By leasing this site to the Fresno Rescue Mission, revenue would be generated for the Department and it would relieve the Department of maintenance costs. Therefore, it would be in the Department's best interest to directly negotiate a 25 year lease with the Fresno Rescue Mission.

PROPOSED LEASE TERMS

New Lease

Term:	25 Years (15 year lease with two 5 year options)
Rent:	TBD by Fair Market Rent Determination
Annual Increase:	Based on CPI
Re-evaluation:	Every 5 years

SUMMARY

In cooperation between HSR and the Department to implement this State priority, it is in the State's best interest to authorize direct negotiations with Fresno Rescue Mission for a 25-year lease. HSR will be covering the relocation costs for the Fresno Rescue Mission, and is providing long-term lease cost support. HSR is also paying for the soil analysis of ADL and will be required to cover any remediation costs if lead contamination is found.

Attachments:

Exhibit A: Request for Direct Negotiations from High Speed Rail and proposed use map

Exhibit B: Airspace Map