



CITY OF CARSON

Legislation Text

File #: 2021-418, Version: 1

Report to Mayor and City Council

Tuesday, June 01, 2021

Consent

SUBJECT:

CONSIDER RESOLUTION NO. 21-068 APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE A RIGHT OF WAY CONTRACT AGREEMENT BY AND BETWEEN THE CITY OF CARSON AND THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR TEMPORARY USE OF A PORTION OF 2403 E. 223RD STREET FOR TEMPORARY STORAGE OF EQUIPMENT AND CONSTRUCTION EASEMENT ACCESS TO RETROFIT THE ADJACENT DOLORES YARD OVERHEAD BRIDGE PROJECT (APN: 7315-012-900) (CITY COUNCIL)

I. SUMMARY

The proposed Right of Way Contract Agreement ("Agreement") (Exhibit No. 1) would allow the State of California Department of Transportation ("Caltrans") to have an exclusive area to store its construction equipment on a portion of City-owned property located at 2403 E. 223rd Street ("Property") and a non-exclusive area to access the entrance of the Property. Caltrans is in the process of retrofitting of the Dolores Yard Overhead Bridge ("Bridge"). This Bridge is the portion of 223rd E. Street that extends over the Alameda Rail Corridor and is adjacent to the Property.

The total rent amount for the 28-month period is \$768,684 for 45,755 square feet. Currently, WIN Chevrolet ("WIN") is also storing some of its automobile inventory on a portion of the same Property and would continue to do so pursuant to its License Agreement. The lease commences when easements are recorded, funds are transferred, and escrow closes. Caltrans has stated that its operations would not interfere with WIN's operations. If the Agreement is approved by the City Council, the City will have two temporary tenants on the Property.

This Property is also being solicited for sale pursuant to the recently enacted Surplus Land Act ("Act") requirements. The Notice of Availability for the Property was published on April 7, and proposals are due to the City by June 9. Given the current schedule and the steps required under the Act, staff estimates the disposition of the Property under the Act, if it occurred, to be completed in early 2022. It is unclear whether the Caltrans occupancy would delay the Property disposition timeline, but the Agreement reserves the City the right to transfer title at any time. Additionally, prospective buyers would also be allowed onto the

Property to perform due diligence while both WIN and Caltrans occupy the Property so long as there are no interferences with WIN and Caltrans operations.

Caltrans is on a tight timeline to complete the Bridge's retrofitting project and has requested the City to approve the Agreement as soon as possible. Since the Agreement presented to the City Council as of June 1, 2021 has not yet been approved by Caltrans and is in a form presented to Caltrans by staff and the City Attorney's Office, it is included as a draft. Caltrans may request some minor modifications requests but the deal points have been fully negotiated. Additionally, Caltrans ultimately has the right to exercise its power of eminent domain to use the property for its purposes. However, the higher rent amount to the City for the Property compensates the City's time and efforts in accommodating Caltrans' urgent needs.

To ensure the process is expedited, Staff recommends the City Council grant the City Manager the authority to make and / or accept minor modifications to finalize the Agreement (if requested by Caltrans) and take any other related actions in a form acceptable to the City Attorney. The adoption of Resolution No. 21-068 (Exhibit No. 2) grants the City Manager this authority.

II. RECOMMENDATION

TAKE the following actions:

1. WAIVE further reading and ADOPT Resolution No. 21-068, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING AND AUTHORIZING THE CITY MANAGER TO ENTER INTO RIGHT OF WAY CONTRACT AGREEMENT BETWEEN THE CITY OF CARSON AND THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR STORAGE AND CONSTRUCTION EASEMENTS OF A PORTION OF REAL PROPERTY LOCATED AT 2403 E. 223RD STREET (APN 7315-012-900)"
2. AUTHORIZE the Mayor to execute the Resolution.

III. ALTERNATIVES

TAKE any other action(s) the City Council deems appropriate.

IV. BACKGROUND

The City originally acquired the Property from the Carson Successor Agency in January 2015. In 2014, Caltrans leased the Property from the Carson Successor Agency for a similar purpose. At that time, the Agency leased the Property to Caltrans at a leasing rate of \$2.50 per square foot per year based on an appraised value rate of \$25.00 per square foot for purchasing the property. Caltrans recently conducted another appraisal for the Property and concluded that the total fair market value for the property is now \$50.00 per square foot to purchase. Annual lease rates are typically based off 10% of the Property's appraised fair market value rate. This means the lease rate should be \$5.00 per square

foot, per year, which would amount to \$305,033 for twenty eight months [(\$5.00 per sq. ft. year X 45,755 sq. ft.) / (12 months) X (28 months)]. However, staff believes Caltrans is willing pay up to \$768,684 (\$7.20 per sq. ft. per year) to compensate the City's time and efforts in accommodating Caltrans urgent needs.

The lease area is further depicted under Exhibit No. 3. Caltrans is proposing to occupy the eastern portion of the Property near the Bridge project and the Alameda Rail Corridor. This area would be exclusive for Caltrans. Caltrans would also have a non-exclusive access easement connecting them to the main entrance. On the northwest side of the Property, WIN is storing its supplemental automobile inventory. The WIN License Agreement is currently being extended every 90 days pursuant to City Manager authority previously granted by the City Council. The License Agreement is currently scheduled to terminate on August 27, 2021, unless extended by the City Manager.

The Property is also in the process of being offered to Developers under the Surplus Land Act, though the Caltrans lease is unlikely to significantly disrupt any future sale of the property.

V. FISCAL IMPACT

The City will receive approximately \$768,684 upfront for the 28-month term (\$27,453 per month). Revenues collected will be deposited to the City's General Fund Account Number (Lease Agreements): 101-99-999-999-4400.

VI. EXHIBITS

1. Right of Way Contract Agreement for 2403 E. 223rd Street (pgs. 4-13)
2. Resolution No. 21-068 (pgs. 14-29)
3. Vicinity Map for Leased Caltrans Area (pg. 30)

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