

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 24-25, 2003

Reference No.: 2.4c
Action Item

From: ROBERT L. GARCIA
Chief Financial Officer

Prepared by: BRICE D. PARIS
Chief
Division of Right of Way

Ref: AIRSPACE LEASE DIRECT NEGOTIATIONS

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) authorize execution of a long-term lease between the State of California, Department of Transportation and the Lessee, THE McCALL FAMILY TRUST.

The McCall Family Trust (tenant) currently owns a large retail development called Toyota Central, which has been located in downtown Los Angeles for 33 years. McCall has been leasing or subleasing three separate airspace sites for as long as 24 years. The business has limited parking on its own property, so it utilizes the three airspace sites, for the sale and display of its new and used car inventory. They have 24-hour security for these sites which not only protects their inventory, but also our freeway structure. They have been a responsible tenant and a good neighbor to the community. The tenant has been on time with payments throughout their occupancy and also brings revenue to the State and other municipalities through taxes levied on their car sales. In 2002, they paid \$6,693,357 in sales taxes and the State's share was \$4,902,100. In an area, which has a high percentage of minority residents, over 90% of the employees are minorities.

The combined area of the three airspace sites totals approximately 125,319 square feet (sf) and is located across the street from the main sales lot. The airspace sites are bounded by Georgia Street and Flower Avenue beneath the Santa Monica Freeway (I-10) (Note various site maps). The topography of the sites is level. They all are paved,

**REQUEST FOR CONSENT TO DIRECTLY NEGOTIATE AND APPROVAL OF
LEASE TERMS AND CONDITIONS (AAC)**

Airspace Advisory Committee

TERMS AND CONDITIONS

Term: 15 years with (2) 5-year options.

Area: 125,319 SF

Use: New and Used Car Sales/Display.

Consideration: \$26,200/Month (\$314,400.00/Year*), based on a present rental rate

Adjustment: Annual Consumer Price Index (CPI) adjustment, with a minimum annual adjustment of 2.00% and a maximum annual adjustment of a 7.00%.

Reevaluation: Every fifth year. Appraisal shall be based on value in use.

*10.04% return on \$3,132,175 land value

It is in the State's best interest to lease these sites by direct negotiations and not bid the three sites publicly since the tenant is prepared to lease the properties for an extended term at their present lease rate. The existing rents are at current fair market value as determined by a recent staff appraisal. The existing leases specify reevaluations every 5 years that will ensure that the rental rate is always close to market rent. A typical CPI-based escalation clause is incorporated into the leases.

A modified reevaluation clause in the leases will enhance the State's ability to obtain the highest possible monetary return at scheduled intervals or upon any proposed change in use for the auto dealership.

The Commission's Airspace Advisory Committee has reviewed and recommends approval of the proposed terms and conditions of this Lease Amendment.

Attachments

DIST.	COUNTY	RTE.	P.M.
07	LA	10	15.2

CITY OF LOS ANGELES



VICINITY MAP

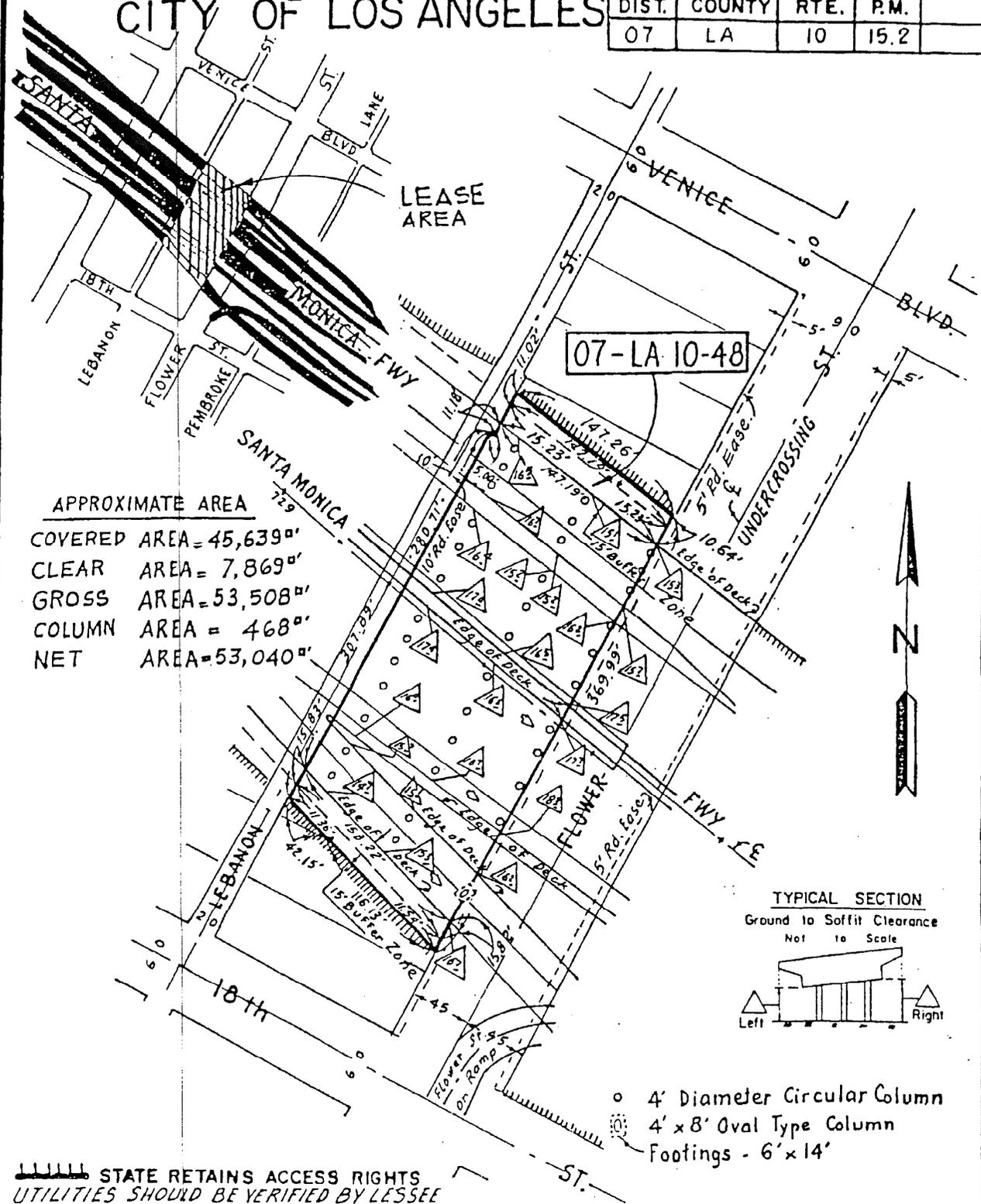
STATE OF CALIFORNIA- DEPARTMENT OF TRANSPORTATION- DISTRICT 07

FLA
7-10-48

SCALE:
DRAWN: CHKD:
DATE:

CITY OF LOS ANGELES

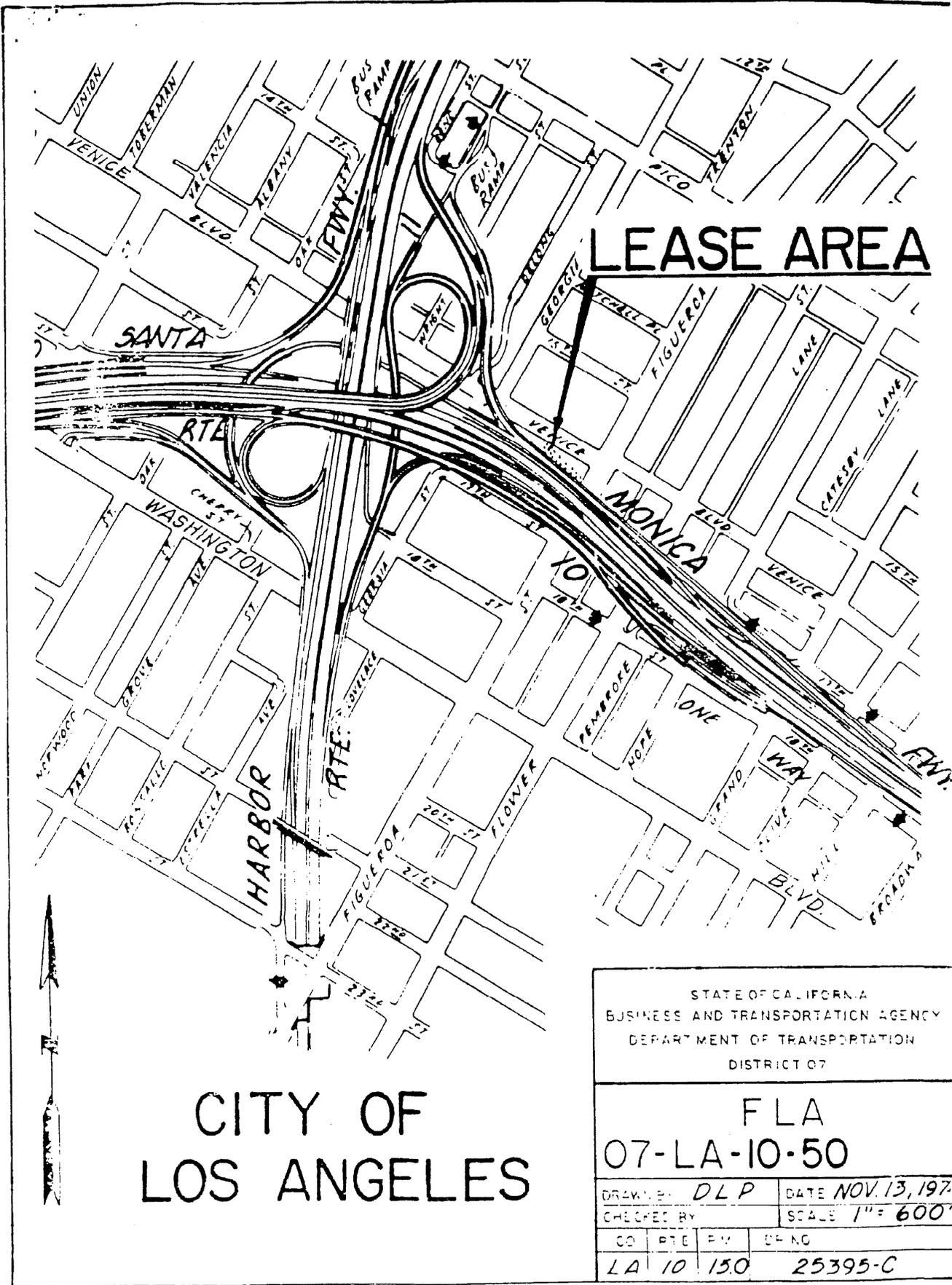
DIST.	COUNTY	RTE.	P.M.
07	LA	10	15.2



APPROXIMATE AREA
 COVERED AREA = 45,639'²
 CLEAR AREA = 7,869'²
 GROSS AREA = 53,508'²
 COLUMN AREA = 468'²
 NET AREA = 53,040'²

STATE RETAINS ACCESS RIGHTS
 UTILITIES SHOULD BE VERIFIED BY LESSEE

STATE OF CALIFORNIA - DEPARTMENT OF TRANSPORTATION - DISTRICT 07	
FREWAY LEASE AREA	
07 - LA 10-48	
REF. MAP: F2079-1 Appr. Map 24969-C	SCALE: NONE DRWN: BTN CHKD: K.D. DATE: 10-20-82 # 25665-C



LEASE AREA

**CITY OF
LOS ANGELES**

STATE OF CALIFORNIA BUSINESS AND TRANSPORTATION AGENCY DEPARTMENT OF TRANSPORTATION DISTRICT 07			
FLA 07-LA-10-50			
DRAWN BY: DLP		DATE NOV. 13, 1972	
CHECKED BY:		SCALE 1" = 600'	
CO	RTE	EV	DE NO
LA	10	150	25395-C

SURVEY NOTES

99-199

SR99-199

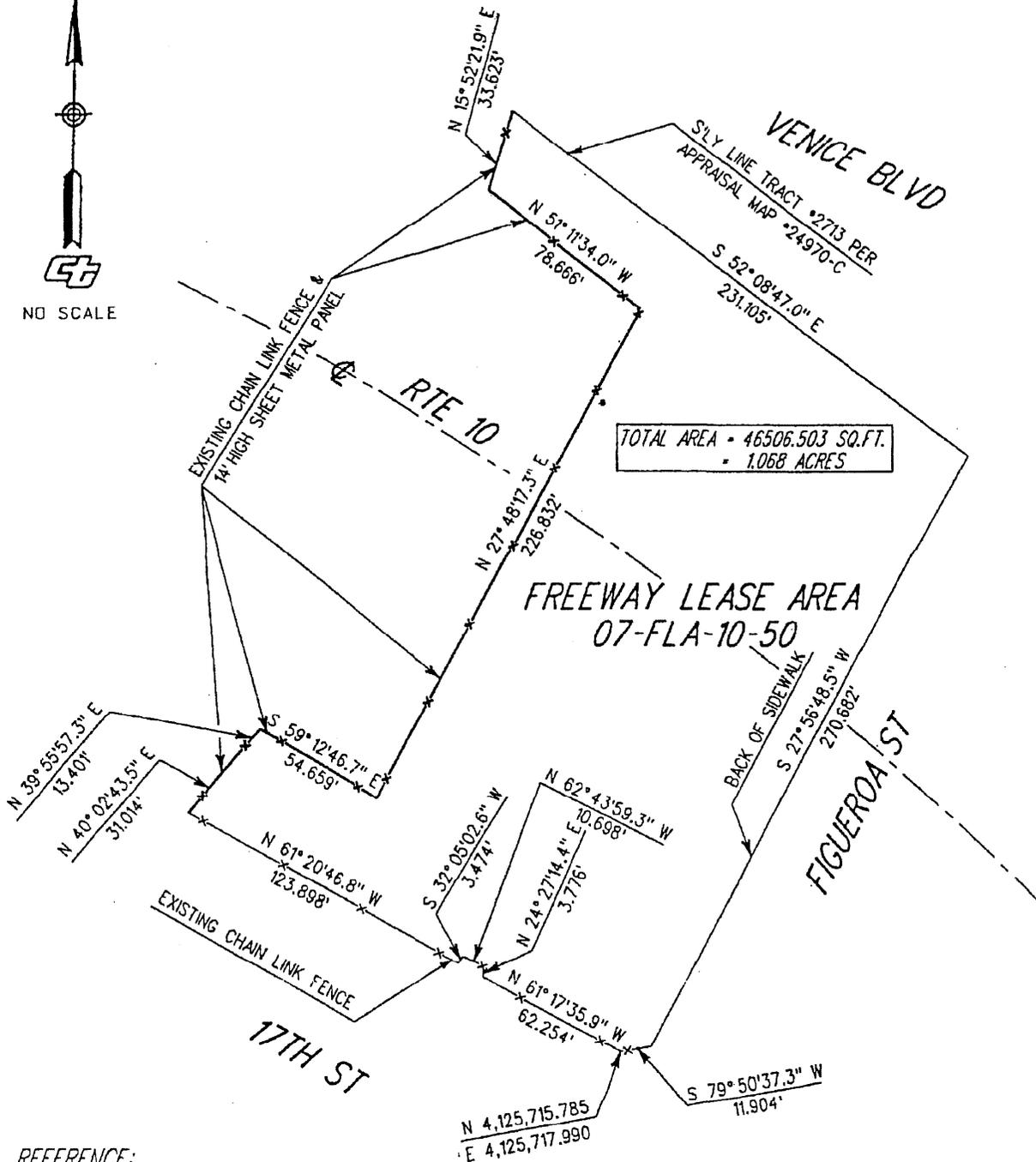
000004

PARTY CHIEF <i>S. Sami</i>	RECORDER <i>G. Wear</i>	INSTRUMENT MAN <i>G. Leggett</i>	WEATHER <i>Sunny & Warm</i>	DATE OF SURVEY <i>10-29-1999</i>
SURVEY DESCRIPTION <i>Survey of Fwy Lease Area 07-FLA-10-50 @ Rte. 10 near the L.A. Convention Center</i>			CHARGE - EXPEND <i>952121</i>	AUTHOR <i>LA - 10 - 14.9</i>

STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION

EXHIBIT "A"

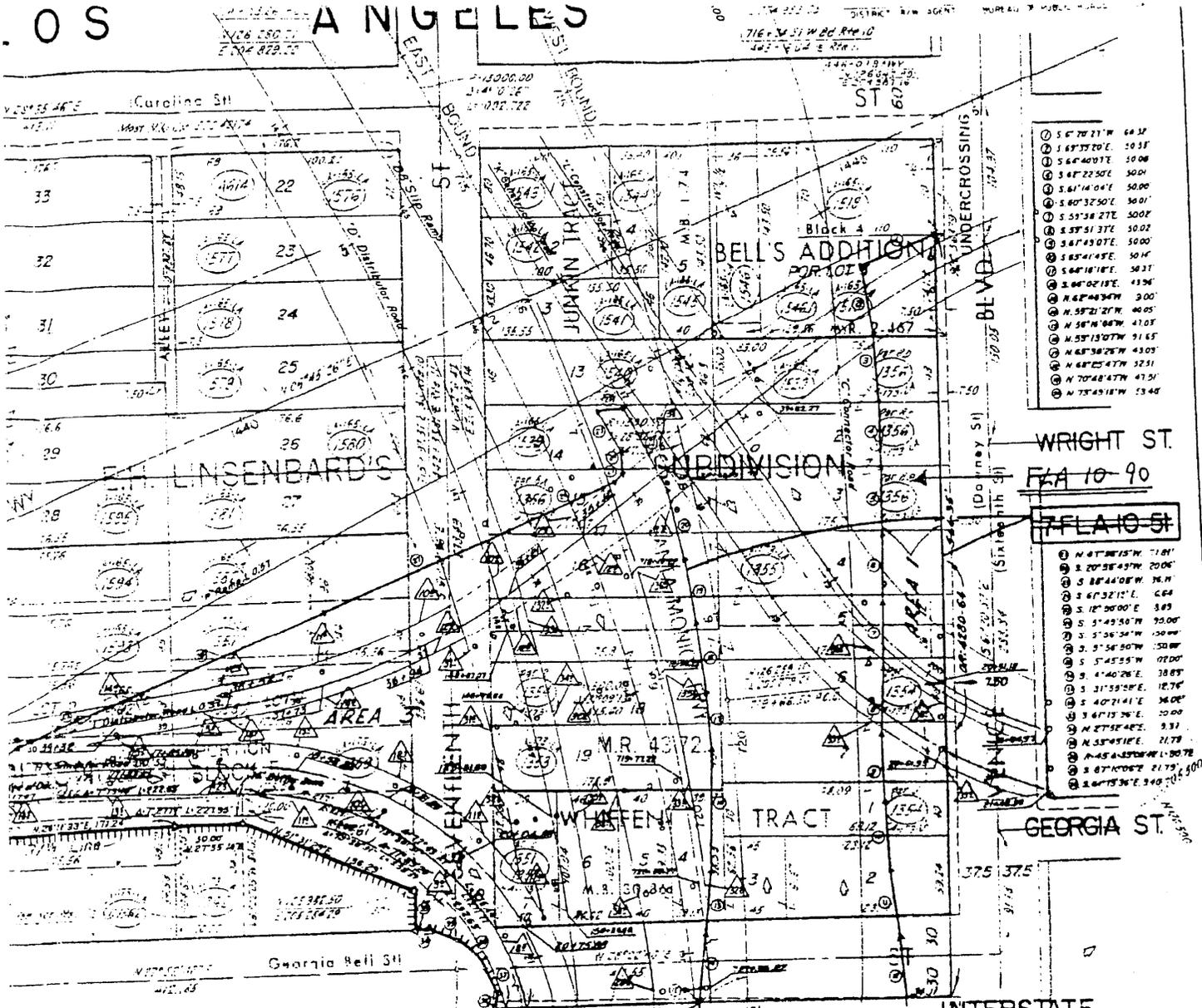
BLK. 1220
MOD. 64, 65



REFERENCE:
R/W MAP F-2078-6 AND CGM 220.5

LOS

ANGELES



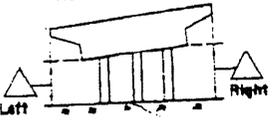
- ① S 67° 02' 11" W 64.32'
- ② S 67° 32' 00" W 50.35'
- ③ S 67° 40' 00" W 50.00'
- ④ S 67° 22' 50" W 50.01'
- ⑤ S 67° 14' 04" W 50.00'
- ⑥ S 67° 32' 50" W 50.01'
- ⑦ S 55° 38' 27" W 50.00'
- ⑧ S 55° 51' 37" W 50.02'
- ⑨ N 55° 19' 00" W 50.00'
- ⑩ S 85° 41' 45" W 50.41'
- ⑪ S 64° 11' 18" W 50.31'
- ⑫ S 64° 02' 18" W 49.26'
- ⑬ N 62° 04' 34" W 50.00'
- ⑭ N 55° 21' 21" W 46.05'
- ⑮ N 56° 04' 21" W 41.05'
- ⑯ N 55° 13' 07" W 51.65'
- ⑰ N 62° 38' 26" W 43.05'
- ⑱ N 62° 25' 47" W 52.51'
- ⑳ N 70° 48' 47" W 47.51'
- ㉑ N 73° 48' 18" W 53.48'

WRIGHT ST.
FLA 10-90

7-FLA-10-51

- ① N 41° 36' 15" W 71.81'
- ② S 20° 28' 45" W 20.06'
- ③ S 88° 44' 08" W 36.11'
- ④ S 67° 32' 12" W 6.64'
- ⑤ S 12° 00' 00" E 3.83'
- ⑥ S 57° 49' 50" W 32.00'
- ⑦ S 57° 26' 34" W 30.00'
- ⑧ S 57° 34' 50" W 30.00'
- ⑨ S 54° 55' 55" W 02.00'
- ⑩ S 41° 40' 26" E 38.85'
- ⑪ S 31° 55' 28" E 12.76'
- ⑫ S 40° 21' 41" E 36.00'
- ⑬ S 67° 15' 26" E 20.00'
- ⑭ N 25° 54' 42" E 9.31'
- ⑮ N 55° 51' 18" E 21.75'
- ⑯ N 45° 45' 20" W 11.90'
- ⑰ S 67° 10' 02" E 21.75'
- ⑱ S 64° 15' 36" E 34.00'

TYPICAL SECTION
Ground to Soffit Clearance
Not to Scale



ISSUE DATE
REV. 5-29-78
7-11-78

STATE OF CALIFORNIA
TRANSPORTATION DEPARTMENT OF
AGENCY PUBLIC WORKS
DIVISION OF HIGHWAYS
FREeway LEASE AREA
APPRAISAL MAP NO. 24971-C

7-FLA-10-51
07-LA-10-14.8

50 0 56 DATE 2-29-78
R.W.P. KILMURRAY SR. MOSELEY

LEGEND: ACCESS DENIED + EXCLUDES STREET AND
AREAS SQUARE FEET UNLESS OTHERWISE NOTED
PREVIOUS RECORD DATA

LESSEE	AREA *				RECORDING DATA	
	GROSS & BRIDGE AREA	IN-SIDE BRIDGE SUPPORTS	IS WITHIN IS	DATE	O.R.	
Area 1	272873	157105	25768	1075	1075	11905
Area 2	25808					
Area 3	20224					

25,305