

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: March 2-3, 2005

Reference No.: 2.4d.(3)
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Brice D. Paris
Division Chief
Right of Way and Land Surveys

Ref: **DIRECT SALE OF HUM-101 EXCESS PARCELS TO REDWOOD COMMUNITY ACTION AGENCY**

01-01-HUM-101-R79.20

Disposal Unit DD 007941-01-02

DD 007941-01-03

Convey to Redwood Community Action Agency

Eureka

9,900 ± sf

9,900 ± sf

\$442,500 (Appraisal \$442,500)

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve the sale of two excess land parcels located on T Street in Eureka to the Redwood Community Action Agency (RCAA), a California Nonprofit Corporation. The parcels are zoned Service Commercial, are approximately 9,900 s.f. each, and are improved with single-family residences that have been converted to office use. The Department acquired the two parcels, identified as DD-007941-01-02 (523 T Street) and DD-007941-01-03 (539 T Street), in 1975 for the Eureka bypass, which was rescinded in 1995. RCAA will pay fair market value for the two properties, \$220,000 and \$222,500 respectively, in accordance with the district-approved appraisal.

This sale is being made pursuant to Streets and Highways Code Section 118.1, which requires the Department to offer commercial property at current fair market value to a current tenant if the tenant has made improvements valued in excess of \$5,000 at the tenant's own expense, consistent with the terms of the lease agreement.

The proposed sales have generated controversy in the local community. Several business owners and developers have asserted that RCAA has not met the requirements of Streets and Highways Code Section 118.1, claiming that the expenditures were for routine maintenance and repairs and that RCAA had paid below-market rent. These business owners are requesting that these parcels be offered for sale at public auction.

RCAA has leased 523 T Street since 1995 for their youth counseling services and 539 T Street since 1983 as an energy demonstration and education facility. The initial lease rate was at below fair market rent with annual adjustments commencing in 2002 to bring it up to fair market. RCAA has provided the Department with invoices for expenditures that total \$6,693.15 and \$20,897.59

respectively, on the two properties. These invoices are for items such as roof replacement, electrical work, plumbing and new flooring.

In this regard, the Department has determined that the RCAA expenditures meet the requirements of Section 118.1. Furthermore, Senator Wesley Chesbro, Assemblymember Patty Berg, the Humboldt County Board of Supervisors, the Eureka City Council, and several local citizens have written letters in support of the sale to RCAA. Supporters point out that RCAA provides invaluable social services to the local community.

Attachments

SUMMARY OF DIRECTOR'S DEEDS (2.4d.3)

PRESENTED TO CALIFORNIA TRANSPORTATION COMMISSION - MARCH 2005

Table I - Volume by Districts

| District | Direct Sales | Public Sales | Non-Inventory Conveyances | Other Funded Sales | Total Items | Current Estimated Value | Return From Sales | Recovery % |
|--------------|--------------|--------------|---------------------------|--------------------|-------------|-------------------------|-------------------|-----------------------------------|
| | | | | | | | | % Return From Sales Current Value |
| 01 | 2 | | | | 2 | \$442,500 | \$442,500 | 100% |
| 02 | | | | | 0 | \$0 | \$0 | |
| 03 | | | | | 0 | \$0 | \$0 | |
| 04 | | | | | 0 | \$0 | \$0 | |
| 05 | | | | | 0 | \$0 | \$0 | |
| 06 | | | | | 0 | \$0 | \$0 | |
| 07 | | | | | 0 | \$0 | \$0 | |
| 08 | | | | | 0 | \$0 | \$0 | |
| 09 | | | | | 0 | \$0 | \$0 | |
| 10 | | | | | 0 | \$0 | \$0 | |
| 11 | | | | | 0 | \$0 | \$0 | |
| 12 | | | | | 0 | \$0 | \$0 | |
| Total | 2 | 0 | 0 | 0 | 2 | \$442,500 | \$442,500 | 100% |

Table II - Analysis by Type of Sale

| Type of Sale | # of Items | Current Estimated Value | Return From Sales | Recovery % |
|---------------------------|------------|-------------------------|-------------------|-----------------------------------|
| | | | | % Return From Sales Current Value |
| Direct Sales | 2 | \$442,500 | \$442,500 | 100% |
| Public Sales | 0 | \$0 | \$0 | |
| Non-Inventory Conveyances | 0 | \$0 | \$0 | |
| Sub-Total | 2 | \$442,500 | \$442,500 | 100% |
| Other Funded Sales | 0 | \$0 | \$0 | |
| Total | 2 | \$442,500 | \$442,500 | 100% |

