

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 31–February 1, 2007

Reference No.: 2.4c.(1)  
Action Item

From: CINDY McKIM  
Chief Financial Officer

Prepared by: Bimla G. Rhinehart  
Chief  
Division of Right of Way  
and Land Surveys

Subject: **AIRSPACE LEASE DIRECT NEGOTIATIONS – MODERN CUSTOM FABRICATION, INC.**

## **RECOMMENDATION:**

The California Department of Transportation (Department) recommends that the California Transportation Commission authorize execution of a lease between the Department and the Lessee, Modern Custom Fabrications Incorporated.

## **ISSUE:**

The subject is an irregular shaped parcel located on “G” Street beneath the State Route (SR) 41 overcrossing in southwest central Fresno. The airspace parcel totals approximately 65,340± square feet, of which 30,340 is uncovered. The parcel is enclosed by a six-foot high chain link fence; there are no improvements on the property. Zoning is Manufacturing-1. The subject parcel is in a blighted area of the City and is bordered by the Fresno Rescue Mission and the Poverello House. Both of these facilities assist the homeless with food, clothes, shelter, and various other services.

The Lessee has leased and utilized the subject property for storage for their business since June 6, 1996, under a ten-year lease that recently expired. The site is specifically used for the storage of manufactured tanks and equipment. The parcel has no value to any business other than the current Lessee due to its location. The prior rent was \$614 per month.

Direct negotiations have resulted in the following terms and conditions:

Use:	Tank and equipment storage
Term:	Ten years
Options:	None
Negotiated Rent:	\$950 per month
Rent Escalations:	Consumer Price Index every two years
Re-evaluations:	At landlord’s request in 2010, 2012, and 2014.
Termination:	Either party may terminate with 90 days notice.

This proposed lease is in the Department's best interest as the optimum return for this site will be realized through a renewed lease with said lessee for tank and equipment storage, which continues to be the highest and best use. The subject lease adds revenue to the Department and relieves the Department from continuing liability and maintenance responsibilities. Moreover, it does not detract from the safety and aesthetics of the adjoining freeways. The rental rate is based upon a July 13, 2006 Fair Market Rental Rate Determination.

Attachments

# Vicinity Map



Aerial Photo of Subject Parcel





03

NOTE  
This map is for Assessment purposes only.  
It is not to be construed as partitioning  
legal ownership or divisions of land for  
purposes of zoning or subdivision law.

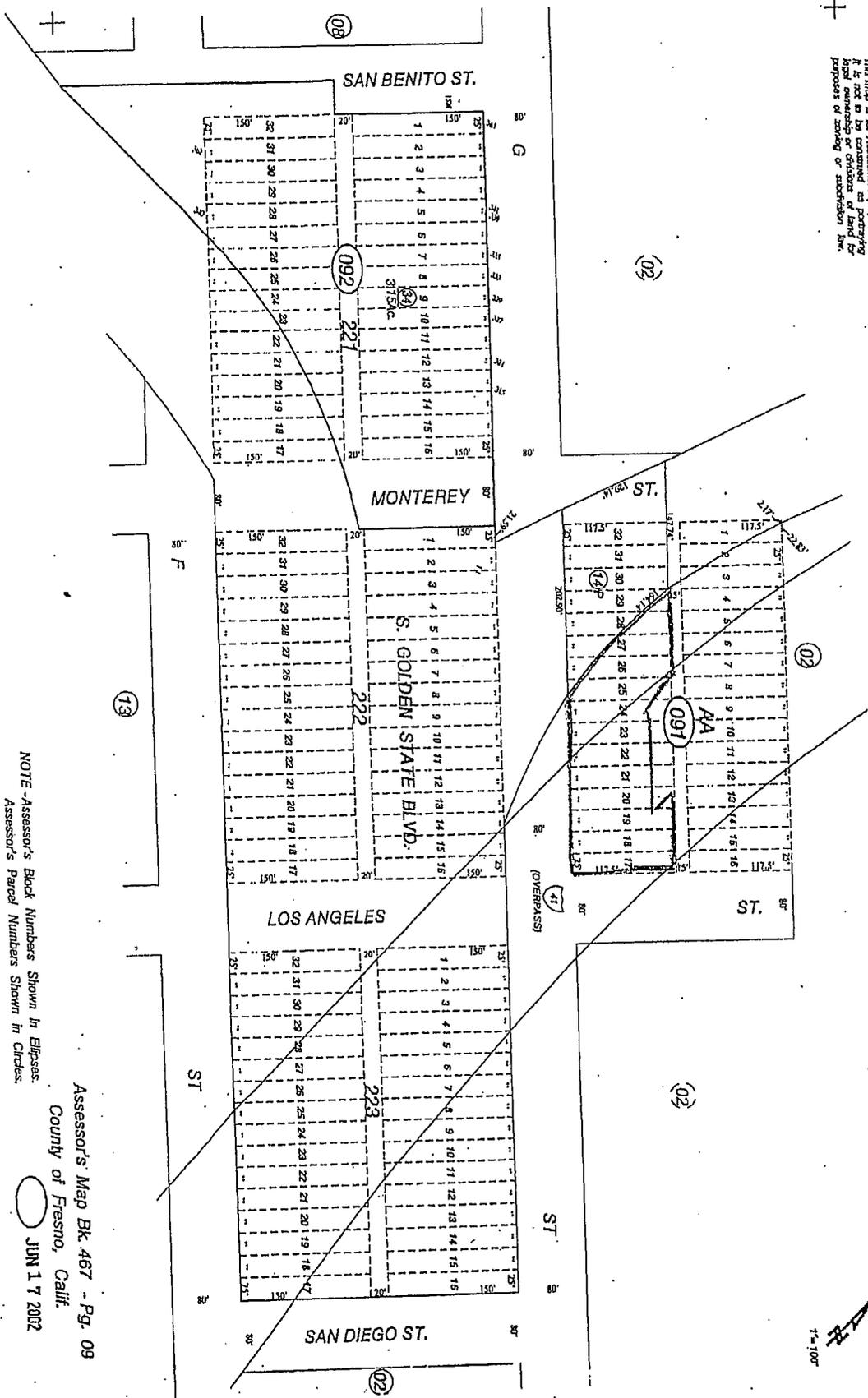
05-21-02

FRESNO CITY BLOCKS

Tax Rate Area  
5-882  
5-885

467-09

1"=100'



NOTE - Assessor's Block Numbers Shown in Ellipses.  
Assessor's Parcel Numbers Shown in Circles.

JUN 17 2002

Assessor's Map Bk. 467 - Pg. 09  
County of Fresno, Calif.