

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 19-20, 2007

Reference No.: 2.4c.  
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 – MORELLI PARK 10-SJX-005-0203-01**

## **RECOMMENDATION:**

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve a new lease for an existing Airspace tenant. The City of Stockton (City) is the current leaseholder under a twenty-year airspace lease with an expiration date of April 5, 2016. The City is requesting a new 25 year lease (SJX-005-0203-01) that includes the existing parcel and an additional parcel with a new expiration date of July 31, 2032. This is in conjunction with the City's revitalization plan to redevelop the existing park and boat launching facilities at the Deep Water Channel that runs through the City. The City has acquired funds from various agencies to complete this project. The City is also under a deadline to start construction of its proposed improvements or lose funding for this project.

## **BACKGROUND:**

The subject property is located in the city of Stockton, under Interstate 5. The original lease encompassed,  $\pm 171,600$  square feet. The new lease area will be  $\pm 260,729$  square feet. The subject property is bounded on the north by the southerly line of the Stockton Deep Water Channel, on the south by the northerly Right of Way line of Weber Avenue, on the northeast by the southwesterly line of the Mormon Channel, and on the southwest by the southwesterly right of way line of State highway (see Attachment 1 for the airspace parcel map). The current use of subject parcel is for a public rest room, boat ramp, parking, and a small park. The new lease will provide the following improvements:

- Widen the existing boat launch ramp from two lanes to four lanes,
- Vehicular turnaround,
- Reconfigure and expand existing parking area to accommodate 57 trailers and 19 standard spaces (total 76 spaces),
- Reconfigure access road, fenced maintenance area,
- Rehabilitate existing restroom facility for barrier free access,
- Pedestrian sidewalks,
- Slope protection and drainage,
- New kiosk and entrance gate,

- Area lighting, and a
- Location for a dry stack boat storage facility to house 150 boats.

Fair market rent was determined by researching the Stockton area and consulting with several commercial leasing agents as to what the current lease rates were for similar properties that provided parking/storage and boat launching capabilities. Properties lease in the range of \$0.06-\$0.08 cents a square foot to \$0.03-\$0.04 cents a square foot depending on desirability. Since the parcel is adversely affected due to the presence of the I-5 bridge, the location, and restrictions limiting commercial development to that portion of the property outside the drip line of the freeway structure, it was reasoned that \$0.04 cents a square foot was an appropriate rate. The highest and best use for this parcel, because of the restrictions of airspace, is for parking and storage.

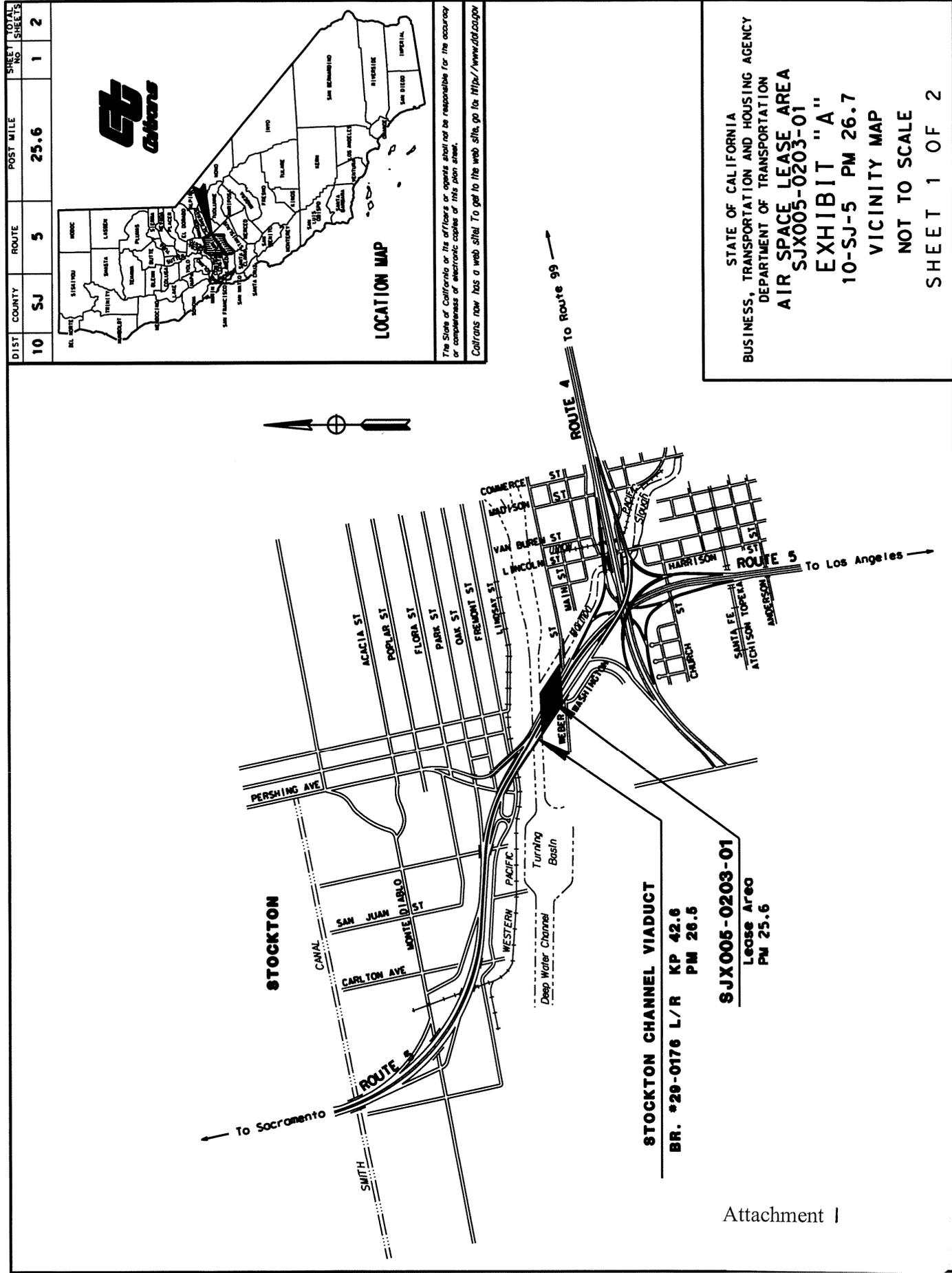
The original lease, dated April 30, 1997, started at a yearly rental rate of \$600.00. The rent is adjusted yearly using the Consumer Price Index (CPI). Currently, the yearly rate is \$801.00 per year. The proposed term of the lease is 25 years. Based on the fair market rental rate of \$0.04 a square foot for parking and storage, the new lease will generate an increase in rent to \$10,430.00 yearly. Revenue sharing for the dry boat storage facility is not part of the lease agreement. The City will be the sole proprietor of the facility and the revenue from that facility will help offset the cost of the increase of the new lease rent. To insure the lease rate continues to reflect market rate over the term of the lease, CPI adjustments will be applied after the second year of the term and every one year thereafter. In addition, at the Lessor's discretion, lease rate reevaluations may occur during the fourth, sixth, and eighth year.

### **SUMMARY:**

The optimum return for the Department's parcel would be obtained through a new lease because of the anticipated higher rate of return due to added acreage and use.

The Department requests permission to grant the City a new lease from date of August 1, 2007, to an expiration date of July 31, 2032.

Attachments



DIST	COUNTY	ROUTE	POST MILE	SHEET NO	TOTAL SHEETS
10	SJ	5	25.6	1	2

**Caltrans**

**LOCATION MAP**

The State of California or its officers or agents shall not be responsible for the accuracy or completeness of electronic copies of this plan sheet.

Caltrans now has a web site! To get to the web site, go to <http://www.dot.ca.gov>

STATE OF CALIFORNIA  
 BUSINESS, TRANSPORTATION AND HOUSING AGENCY  
 DEPARTMENT OF TRANSPORTATION  
 AIR SPACE LEASE AREA  
 SJX005-0203-01  
 EXHIBIT "A"  
 10-SJ-5 PM 26.7  
 VICINITY MAP  
 NOT TO SCALE  
 SHEET 1 OF 2

Attachment 1

# C. M. WEBER GRANT

## STOCKTON DEEP WATER CHANNEL

## MORMON CHANNEL

## STATE HIGHWAY ROUTE 5

## W WEBER AVE

**SJX005-0203-01**  
AIR SPACE LEASE AREA



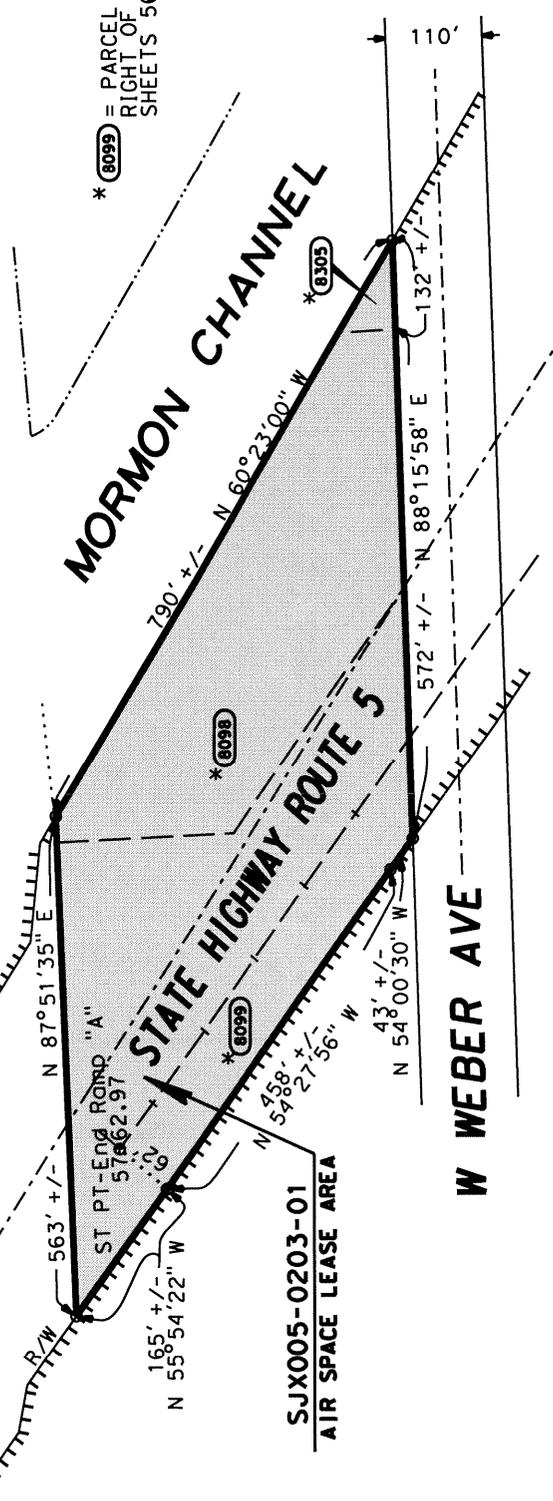
**LEGEND:**

- Calculated point
- ||||| Access Restricted
- Limit of Air Space Lease

AIRSPACE IS LIMITED BY UNDERSIDE OF EXISTING BRIDGE STRUCTURE WHICH IS APPROXIMATELY 80 FEET ABOVE GROUND. INFORMATION BASED ON SAN JOAQUIN COUNTY OFFICIAL RECORDS: 30337OR/134 33827OR/386 30707OR/213

COORDINATES, BEARINGS AND DISTANCE SHOWN ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM OF 1927, ZONE 3.

\* (8099) = PARCEL NUMBER PER RIGHT OF WAY RECORD MAP SHEETS 56 & 57



STATE OF CALIFORNIA  
BUSINESS, TRANSPORTATION AND HOUSING AGENCY  
DEPARTMENT OF TRANSPORTATION  
**AIR SPACE LEASE AREA**  
**SJX005-0203-01**  
**EXHIBIT "A"**  
10-SJ-5 PM 26.7  
AREA: ± 260,729 SQ. FT.  
NOT TO SCALE  
SHEET 2 OF 2

CITY OF STOCKTON  
SAN JOAQUIN COUNTY

Attachment 2