

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 25-26, 2003

Reference No.: 2.4c.
Action Item

From: ROBERT L. GARCIA
Chief Financial Officer

Prepared by: Brice Paris
Division Chief
Division of Right of Way

Ref: **AIRSPACE LEASE DIRECT NEGOTIATIONS**

RECOMMENDATION:

The Department of Transportation recommends that the California Transportation Commission (Commission) authorize execution of a Lease Extension between the State of California, Department of Transportation and the Lessee, MORVIS CORVIS CORPORATION.

The combined area of the two airspace sites total approximately 20,499 square feet and are adjacent to the Lessees' two properties. Airspace site FLA010-0070 abuts their commercial property, which is improved with a commercial kitchen facility. Airspace site FLA110-0006 abuts their office/warehouse facility. The airspace sites are bounded by Pico Street and Flower Avenue and 12th Street and west of the Harbor Freeway (I-110) (Note various site maps). The topography of the sites is level. Both sites are fenced, paved, lighted and have independent street access. The Lessee has kept the sites in immaculate condition.

Morvis Corvis ("Lessee") currently owns several commercial properties in Downtown Los Angeles. One of the company's business ventures is automobile parking for special events that take place at the Staples Center and Convention Center. The Lessee has been leasing these sites since 1999, pursuant to previously approved 15-year leases. The leases allow for yearly CPI increases to the parcels and reevaluations every 5 years. FLA010-0070 is utilized for special event parking and FLA010-0006 is used for long-term parking/storage. The Lessee has spent over \$109,000 in parking lot improvements, which include retaining walls, wrought iron fencing, new paving, and high intensity lighting. As part of the lease extension, a special clause will be added to the lease that mandates any approved change in use of the airspace sites will result in an immediate reevaluation of the lease rate.

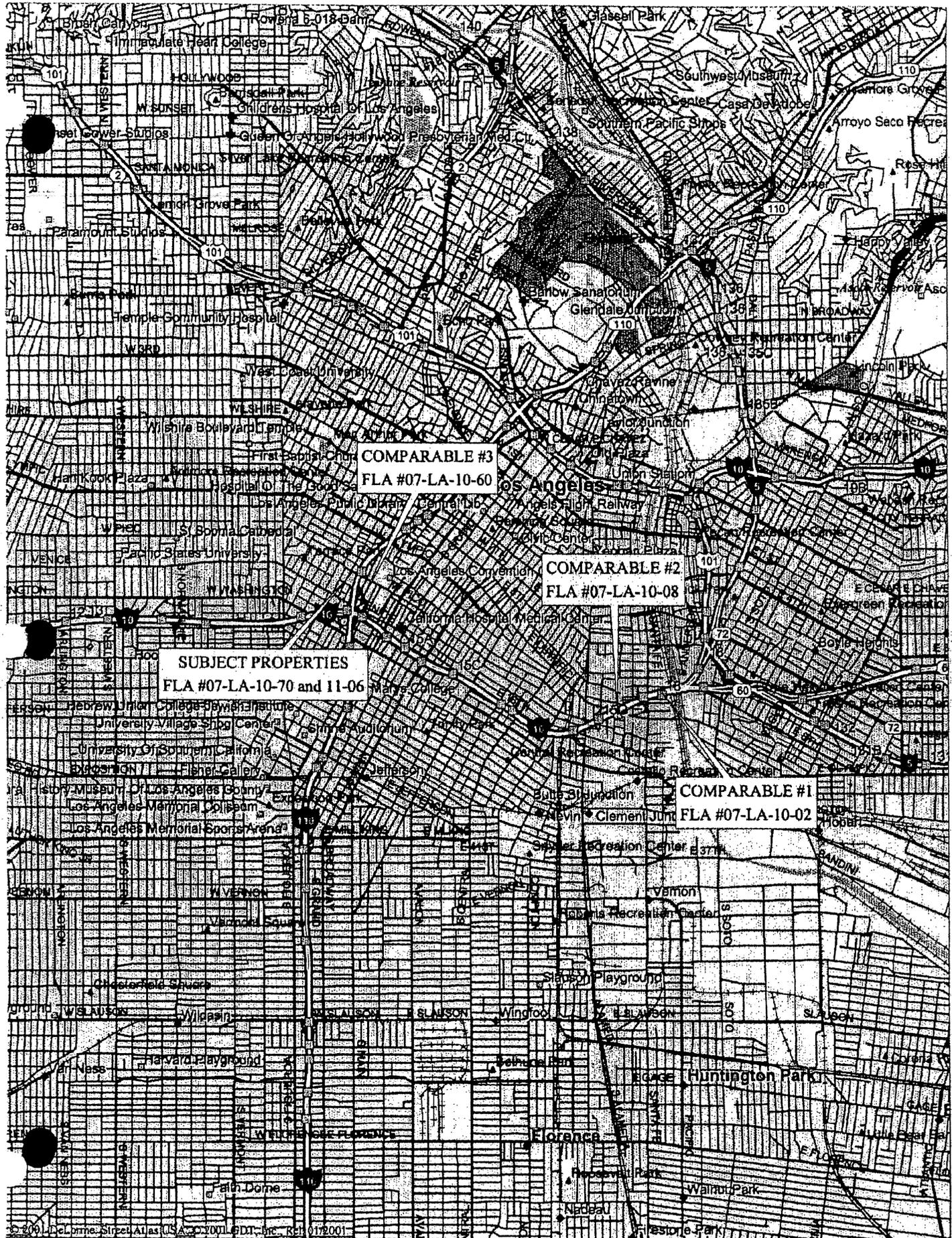
TERMS AND CONDITIONS

- Term: Amend both leases for an additional 15 years, extending to 2031.
- Area: 16,712 SF (FLA010-0070) 3,787 SF (FLA110-0006)
(Same as present leases)
- Use: Parking of Cars and Light Trucks (Same as present use)
- Consideration: \$854/Month (\$10,248.00/Year), based on present rental rate (FLA10-0070)
\$180/Month (\$2,160.00/Year), based on a present rental rate (FLA110-0006)
- Adjustment: Annual Consumer Price Index adjustment, with a minimum annual
adjustment of 2.00% and a maximum annual adjustment of 7.00%.
(Same as present leases)
- Reevaluation: Every fifth year.
(Same as present leases)

It is in the State's best interest to extend the terms of these leases as the use of these parcels as parking lots is the highest and best use and provides the greatest return to the State. The existing rents are at current fair market value as determined by a recent staff appraisal. The existing leases specify reevaluations every 5 years which will ensure that the rental rate is always close to market rent. A typical CPI-based escalation clause is incorporated into both leases and as noted earlier, a new clause will be added to the existing leases mandating a reevaluation of the lease rate should a change use occur.

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

Attachments



SUBJECT PROPERTIES
FLA #07-LA-10-70 and 11-06

COMPARABLE #3
FLA #07-LA-10-60

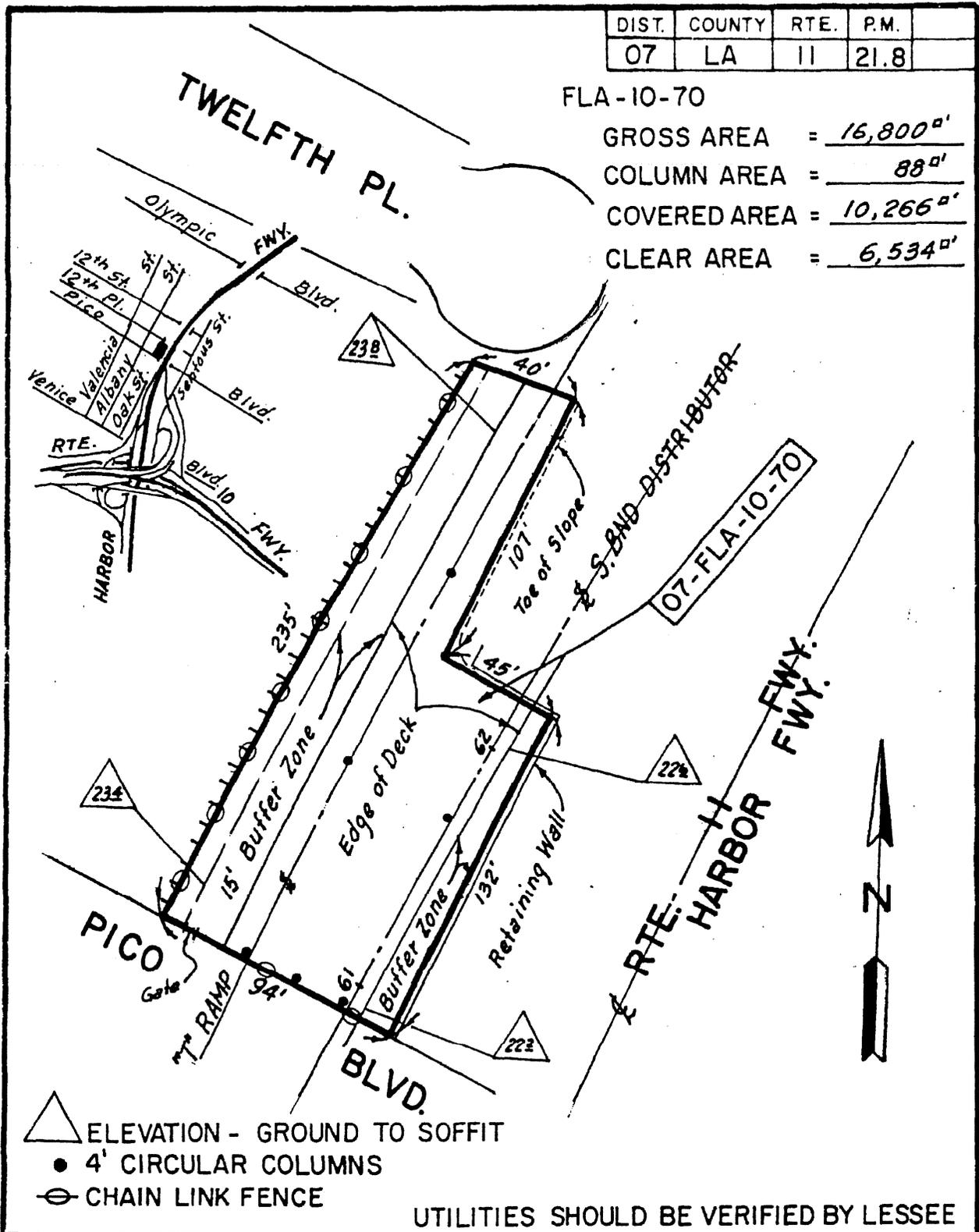
COMPARABLE #2
FLA #07-LA-10-08

COMPARABLE #1
FLA #07-LA-10-02

DIST.	COUNTY	RTE.	P.M.
07	LA	11	21.8

FLA-10-70

GROSS AREA = 16,800^{sq}ft
 COLUMN AREA = 88^{sq}ft
 COVERED AREA = 10,266^{sq}ft
 CLEAR AREA = 6,534^{sq}ft

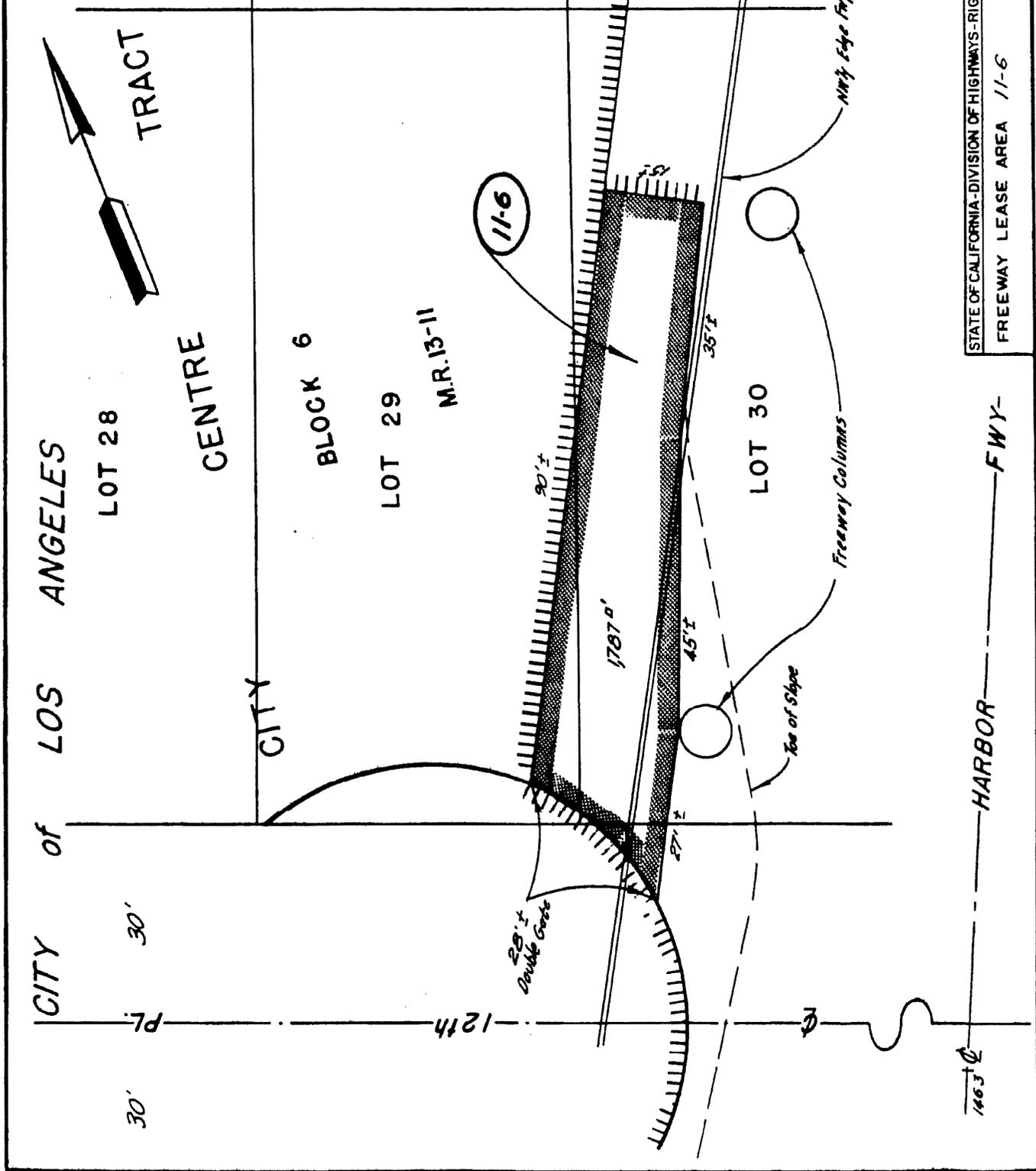


- △ ELEVATION - GROUND TO SOFFIT
- 4' CIRCULAR COLUMNS
- ⊙ CHAIN LINK FENCE

UTILITIES SHOULD BE VERIFIED BY LESSEE

STATE OF CALIFORNIA - DEPARTMENT OF TRANSPORTATION - DISTRICT 07	
INVENTORY	SCALE: 1" = 50'
FREWAY LEASE AREA	DRWN: EM CHKD: SF
07 - FLA - 10 - 70	DATE: 2-1-78
REF. MAP: F1358, FLA APP. MAP NO. 25119-C	25530-C

DIST	COUNTY	RTE	P.M.
07	L.A.	11	218



STATE OF CALIFORNIA - DIVISION OF HIGHWAYS - RIGHT OF WAY DEPARTMENT
 FREeway LEASE AREA 11-6
 SCALE: 1"=20'
 DRAWN: CLM
 DATE: 7-14-72