



Midpeninsula Regional
Open Space District

R-18-109
Meeting 18-34
September 26, 2018

AGENDA ITEM 6

AGENDA ITEM

Amendment to extend the current lease at 240 Cristich Lane, Campbell, Santa Clara County (Assessor's Parcel Number 412-32-014), also known as the site of the future South Area Field Office

GENERAL MANAGER'S RECOMMENDATIONS *den*

1. Determine that the recommended actions are categorically exempt from the California Environmental Quality Act (CEQA), as set out in the staff report.
2. Adopt a Resolution authorizing the lease amendment and granting authority to the General Manager to make future property management decisions to secure additional rental income while moving forward with final plans, permitting, and the bidding process to complete site improvements and repurpose the property as a new South Area Field Office.

SUMMARY

The Midpeninsula Regional Open Space District (District) has an opportunity to secure additional rent from its 240 Cristich Lane property in Campbell (new South Area Field Office) through a six-month lease extension with the existing tenant. The proposed extension aligns well with the current permit/remodel schedule for the new South Area Field Office. The attached Resolution authorizes the General Manager to make property management decisions consistent with the goal of continuing a revenue stream for the property until such time as the District is ready to proceed with its remodel project for the facility. The following report presents a description of the background, environmental review, lease terms, and financial considerations.

DISCUSSION

The District purchased the industrial property at 240 Cristich Lane in Campbell on October 2, 2017 for its new South Area Field Office (R-17-38). The property was purchased from West Valley Charter Lines, Inc. (Seller), which operated a charter bus business. Under the terms of the purchase, the Seller had the ability to leaseback the property for up to 12 months (until October 2018). The District benefited from the leaseback, collecting a rental income of \$142,000 and benefiting from the site presence while staff works to secure a building permit from the City of Campbell. The site would have otherwise been vacant without the leaseback.

In February 2018, West Valley Charter Lines, Inc., was purchased by Avalon Transportation, LLC (Avalon) which is a larger transportation company based in southern California. As the District's current tenant, Avalon requested a six-month lease extension, expiring on March 31,

2019. The lease extension does not affect the new South Area Field Office construction schedule, which is set to begin in the summer of 2019. Under the proposed extension, the District would collect up to an additional \$75,000 in rental income.

TERMS AND CONDITIONS

The lease amendment terms are as follows:

- Term: up to 6 months (tenant can cancel lease with a 30-day notice)
- Lease Rate: \$12,500 per month (tenant pays all expenses)
- Addition of destructive testing provision for the District's benefit (allows District consultants to open walls, flooring, etc., if needed)

In addition, Avalon has agreed to remove all miscellaneous personal property (debris) from the yard prior to the lease amendment taking effect on October 2, 2018. The District will continue to hold a \$20,000 security deposit to assure that the property is properly cleaned-up at the end of the lease term.

FISCAL IMPACT

A full six-month lease extension will net the District \$75,000 in income.

BOARD COMMITTEE REVIEW

This item was not previously reviewed by a Board Committee

PUBLIC NOTICE

All notice required by the Brown Act has been provided.

CEQA COMPLIANCE

The District concludes that this lease amendment does not have any potential effect on the environment. It is exempt from the California Environmental Quality Act (CEQA) under Article 19, Sections 15061 as follows:

Section 15061(b)(3) exempts projects where it can be seen with certainty that there is no possibility the activities may have a significant effect on the environment. The project is limited to the lease amendment. Plans for redevelopment of this site are underway. Future redevelopment of the site will undergo a separate evaluation for compliance with CEQA and approval by the District and the City of Campbell.

NEXT STEPS

Upon approval by the Board of Directors, staff would continue working to secure the building permits for the new South Area Office to proceed with construction, which is scheduled for summer of 2019.

In the event that the South Area Office project becomes further delayed, and in order to secure an income stream while the District completes final plans, permitting, and the bidding process to

construct site improvements, the resolution authorizes the General Manager to extend the lease and modify the monthly lease payments during such extension period, provided that such changes to the lease are reported back to the Board.

Attachments:

1. Resolution Authorizing Lease Amendment, Authorizing General Manager or Other Officer to Execute Lease Amendment, Authorizing General Manager to Execute any and all Other Documents Necessary or Appropriate to Execution of the Transaction and Authorizing the General Manager to Make Further Property Management Decisions about the Subject Property
2. Location Maps

Responsible Department Manager:
Michael Williams, Real Property Manager

Prepared by:
Allen Ishibashi, Senior Real Property Agent

Graphics prepared by:
Nathan Greig, GIS Technician

RESOLUTION 18-__

RESOLUTION OF THE BOARD OF DIRECTORS OF MIDPENINSULA REGIONAL OPEN SPACE DISTRICT AUTHORIZING AMENDMENT TO LEASE AGREEMENT, AUTHORIZING GENERAL MANAGER OR OTHER APPROPRIATE OFFICER TO EXECUTE LEASE AMENDMENT AND ANY AND ALL OTHER DOCUMENTS NECESSARY OR APPROPRIATE TO COMPLETE THE TRANSACTION AND AUTHORIZING THE GENERAL MANAGER TO MAKE FURTHER PROPERTY MANAGEMENT DECISIONS ABOUT THE SUBJECT PROPERTY (240 CRISTICH LANE, CAMPBELL, CA)

WHEREAS, the Board of Directors (“Board”) approved the October 2, 2017 purchase of the property at 240 Cristich Lane, Campbell, California, and the lease back of the property to its occupants for twelve (12) months, through September 2018; and

WHEREAS, the Board wishes to extend the term of the lease, in order to secure an income stream while the District moves forward with final plans, permitting, and the bidding process to complete site improvements and repurpose the property as a new South Area Field Office.

Now, therefore, the Board of Directors of Midpeninsula Regional Open Space District does hereby resolve as follows:

SECTION ONE. The Board of Directors of Midpeninsula Regional Open Space District (District) does hereby authorize the lease amendment between Avalon Transportation, LLC, and the Midpeninsula Regional Open Space District, a copy of which lease amendment is attached hereto and by reference made a part hereof, and authorizes the President of the Board of Directors, General Manager, or other appropriate officer, to execute the Agreement and all related documents on behalf of the District to lease the real property described therein (“Subject Property”).

SECTION TWO. The General Manager is further authorized, consistent with the purposes described herein, to make property management decisions for the Subject Property, such as extend the lease term as is reasonable and appropriate. The General Manager is authorized to modify the monthly lease payments during such extension period in order to secure an income stream while the District prepares to implement site improvements, provided that any further changes to the lease are reported to the Board as soon as practicable.

SECTION THREE. The General Manager and General Counsel are further authorized to approve any technical revisions to the attached Agreement and documents, which do not involve any material change to any term of the Agreement or documents, which are necessary or appropriate to complete or implement this transaction.

* * * * *

PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on _____, 2018, at a regular meeting thereof, by the following vote:

- AYES:**
- NOES:**
- ABSTAIN:**
- ABSENT:**

ATTEST:

APPROVED:

Secretary
Board of Directors

President
Board of Directors

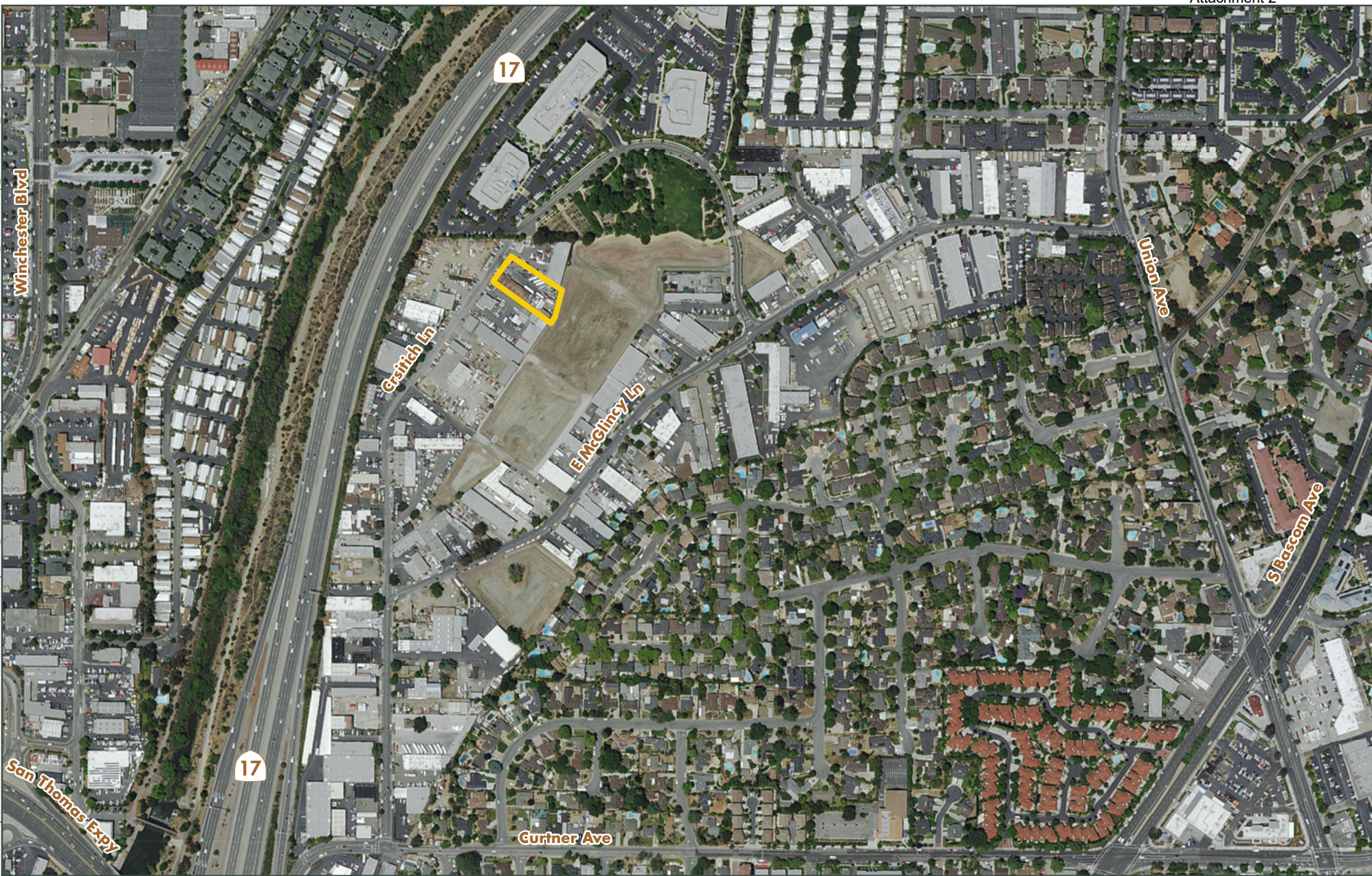
APPROVED AS TO FORM:

General Counsel

I, the District Clerk of the Midpeninsula Regional Open Space District, hereby certify that the above is a true and correct copy of a resolution duly adopted by the Board of Directors of the Midpeninsula Regional Open Space District by the above vote at a meeting thereof duly held and called on the above day.

District Clerk

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Created By: robinson



240 Cristich Lane, Campbell, CA 95008

 240 Cristich Lane

Midpeninsula Regional
Open Space District
(MROSD)
March 2017



While the District strives to use the best available digital data, these data do not represent a legal survey and are merely a graphic illustration of geographic features.