

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	11/18/19	Open	Action	11/06/19

Subject: Approving the First Amendment to Ground Lease for Parking Purposes with R11 Properties LLC at 13th Street Railyard

ISSUE

Whether to approve the First Amendment to Ground Lease for Parking Purposes with R11 Properties, LLC. to extend the term and modify the termination for convenience provision.

RECOMMENDED ACTION

Adopt Resolution No. 19-11-___, Approving the First Amendment to Ground Lease for Parking Purposes with R11 Properties, LLC.

FISCAL IMPACT

SacRT receives monthly lease payments of \$1,500. If the First Amendment is approved, SacRT will continue to receive this amount monthly, adjusted annually for inflation, until May 23, 2022.

DISCUSSION

Sacramento Regional Transit (SacRT) constructed the 13th Street Railyard at 10th, 11th, Q and R streets (APN: 006-0274-010) to serve as a central hub facility for SacRT's light rail operations. The property is built out with three light rail tracks and systems to accommodate:

- Switching out or reversing 4 car trains as needed while minimizing delays to customer service
- Quick removal of broken down vehicles and staging of replacement vehicles to avoid service disruptions
- Staging vehicles for lengthening or shortening trains as needed throughout the day on any line
- Repairing vehicles when the power needs to be shut off
- Secure overnight storage of vehicles in a safe location as the fleet size expands

R11 Properties, LLC has had a series of leases to use a 5,540 square foot portion at the west end of SacRT's 13th Street Railyard property adjacent to 10th Street for parking at the buildings south of the parcel. The current lease commenced on April 6, 2017 and expires on April 6, 2020. The lease includes two 1-year options to extend that require mutual agreement of the parties. The current lease also allows either party to terminate on 90 days' advance written notice.

In May 2019, R11 Properties expressed a desire for greater certainty regarding SacRT's commitment to continue the lease.

SacRT staff has evaluated system needs and determined there will be a future need to use the

Approved:

Presented:

Final 11/13/19

General Manager/CEO

VP, Finance/CFO

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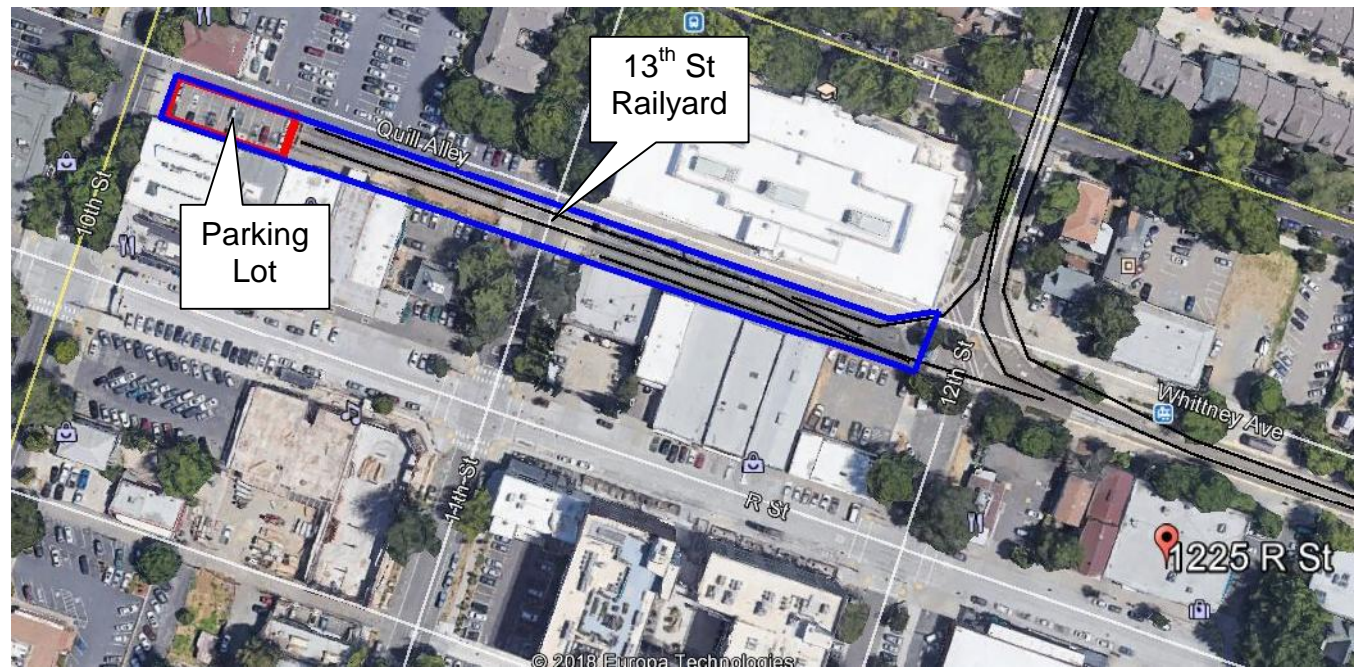
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property as the light rail fleet grows, but in the short term is recommending that the Board extend the lease to May 2022 with no further options to extend. The monthly rent is consistent with the original appraised value. Because the location could only serve two additional light rail vehicles, it is currently underutilized and, therefore, this short-term agreement is beneficial for both parties.

The negotiated terms of the amendment would eliminate SacRT’s right terminate for convenience for the duration of the lease; however SacRT would retain the right to terminate the lease if a governing agency determines that the lessee’s use interferes or is incompatible with SacRT’s use. The lease also allows SacRT to temporarily take possession of the property in case of emergency.

Staff recommends approval of the First Amendment to the Ground Lease for Parking Purposes.

Location



RESOLUTION NO. 19-11-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

November 18, 2019

**APPROVING THE FIRST AMENDMENT TO GROUND LEASE FOR PARKING
PURPOSES WITH R11 PROPERTIES, LLC**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the First Amendment to Ground Lease for Parking Purposes by and between the Sacramento Regional Transit District (therein "RT") and R11 Properties, LLC (therein "Lessee"), whereby the term is extended until May 23, 2022 and RT's right to terminate for convenience is eliminated, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing First Amendment.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary