



Agenda Report

File #: 2019-702, **Version:** 3

FROM: James D. Herberg, General Manager
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SUBJECT:

LEASE AGREEMENT WITH MEGDAL GREEN, LLC PROVIDING ORANGE COUNTY SANITATION DISTRICT PARCEL FOR PARKING AND/OR RELATED ACTIVITIES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Approve a five-year lease agreement with Megdal Green, LLC, a California limited liability company, to allow paving, striping, parking, and related improvements over a 4-foot wide portion of the Orange County Sanitation District's 50-foot wide utility corridor which abuts 21532 South Brookhurst Street in Huntington Beach owned by Megdal Green, LLC, at an annual cost of \$250, for a term of five-years.

BACKGROUND

The Orange County Sanitation District (Sanitation District) has leased a 4-foot wide strip of its 50-foot wide parcel to Carl Karcher Enterprises since 1993 for the purpose of creating additional parking spaces in this congested commercial center. The Carl's Jr. restaurant has moved out of this center and Megdal Green, LLC has now leased its property to Starbucks Coffee Company. With parking in this center still a concern, Megdal Green contacted the Sanitation District and requested the opportunity to lease the same strip of land for the same purpose.

The agreement is for a five-year period and provides for Megdal Green, LLC and its tenants to utilize the Sanitation District land, classified as an Interplant Pipeline and Utility Corridor, for the purpose of parking, outdoor seating, or related activities for the sum of \$250 per year. Improvements such as paving, striping, etc. are to be maintained in good condition by Megdal Green, LLC for the term of the lease. This lease may be terminated by either party with 60-day written notice.

RELEVANT STANDARDS

- Maintain collaborative and cooperative relationships with regulators, stakeholders, and neighboring communities

PROBLEM

The Sanitation District's property is adjacent to a busy commercial center. A shortage of parking spaces, litter, and vagrancy can be a problem in this area.

PROPOSED SOLUTION

By leasing this strip of land to Megdal Green, LLC, the lessee becomes responsible for keeping the area clean, maintained, and free from loitering.

TIMING CONCERNS

Starbucks is due to open December 2019.

RAMIFICATIONS OF NOT TAKING ACTION

The Sanitation District would not have an agreement with Megdal Green, LLC to maintain the area and Sanitation District staff or contractors would then have to monitor litter and loitering.

PRIOR COMMITTEE/BOARD ACTIONS

July 2018 - Board approved a one-year and five-month lease agreement with CKE.

April 2008 - Board approved 5-year Lease extension with CKE, which included an additional 5-year extension option.

August 2003 - Board approved 5-year Lease extension with CKE.

August 1993 - Board approved Lease Agreement with Carl Karcher Enterprises (CKE).

ADDITIONAL INFORMATION

N/A

CEQA

N/A

FINANCIAL CONSIDERATIONS

N/A

ATTACHMENT

The following attachment(s) is included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Lease Agreement with Megdal Green, LLC