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STAFF REPORT

Governing Board Of The South Tahoe Redevelopment Successor Agency October 15, 2013

To: South Tahoe Board of Directors of the South Tahoe Redevelopment Successor Agency Governing Board Members

From: Stan Hill, Associate Civil Engineer

Re: **Request for Use of Former Redevelopment Agency Parcels for Harrison Avenue Streetscape Project**

Recommendation:

Approve the use of three Redevelopment Agency parcels (APN 026-082-13, and APN 026-082-14, and APN 026-082-15) and rental fee for the Harrison Avenue Streetscape Project construction staging.

Discussion:

The City of South Lake Tahoe (City) Public Works Department is requesting approval to use former Redevelopment Agency (RDA) parcels for the summer 2014 construction season. The parcels may be desired for construction staging, which includes storage of the contractors' equipment and materials that will be used during construction. Project contract bid documents require that the parcels be revegetated and restored to existing or better conditions following the use of the property. A Rental and Right of Entry agreement between the City and contractor will further address the responsibilities, requirements, and the rental fee for use of the parcels.

Public Works is requesting use of parcels defined as APN 026-082-13, -14, and -15 that are further described below and detailed on Figure 1 (attached).

Harrison Avenue Streetscape Improvement Project

Three vacant parcels located at the eastern block of properties bounded by Pasadena, Riverside, San Jose, and Alameda Avenues could be needed for construction staging. These parcels were previously used for storage and staging for the Al Tahoe Erosion Control Project (ECP) and the Lakeview Commons construction.

Financial and Strategic Implications:

Engineering staff developed a construction staging rental fee for the Pioneer Trail "triangle" parcels in 2013 that was approved and successfully applied. Similar to the

Pioneer Trail rental fee computation, a fair market rental rate for the use of public parcels was established and used for assessing fees for the use of property that was acquired by the South Tahoe Redevelopment Agency (RDA). The rental fee methodology is based on the market value of the property and provides a rational method for determining the construction staging area rental fee. The market value method considers the following:

- Approximate land value (\$/square foot);
- Area of use for construction staging;
- Period of time for use; and
- Standard Temporary Construction Easement (TCE) percent of actual value (10%)

Land Value

Property value can be approximated by an appraisal. However, acquiring a current appraisal for property is relatively expensive. Reviewing other similar property appraisals is a reasonable method of approximating land value for the purpose of temporary use as a construction staging area.

The City acquired an appraisal for property purchased with California Tahoe Conservancy (CTC) grant funding for a Rocky Point ECP water quality treatment basin. A parcel zoned for residential use on Pioneer Trail was appraised at \$22 per square foot. Land values have declined since the Rocky Point property appraisal, but to what extent cannot be determined without acquiring a current appraisal. Considering that an appraisal of the Al Tahoe RDA parcels would cost several thousand dollars and take at least a month to complete, an approximation of the current land value was estimated to be slightly below the Rocky Point project appraised land value. Thus, for the purpose of simply determining the construction staging area rental fee, the value of the RDA parcels was approximated to be \$20 per square foot.

Area of Use

Each of the three parcels consists of 5,000 square feet. However, excavations along the side and back of the three parcels render only about 8,800 square feet useful for purposes of construction staging. In the interest of creating a unit charge, the formula will be set to evaluate a 1,000 square foot (sf) area and will then be pro-rated to the area needed for construction.

Period of Use

Harrison Avenue Streetscape Improvement Project is expected to begin on May 1, 2014 and be completed by the end of October 2014. Thus, the period of use, if requested by the contractor, would be for a period of six months, or 0.5 years.

Standard TCE valuation at 10% - Typical land appraisal industry standards applies 10% of the land value for temporary use of property for construction staging or temporary construction easements for a period of one year. For periods of time that are less than one year, the fraction of the year can be applied to adjust the rental fee for the actual period of use (i.e. six months is half of a year and is represented as an adjustment factor

of 0.5). The partial year adjustment factor is then included in the formula for determining an equitable rental fee.

Construction staging rental fee for the AI Tahoe RDA parcels is calculated below.

- Land Value: \$20 per square foot (sf)
- Area of Use: 1,000 sf
- Land Value Use Factor: 10% industry standard for temporary occupation of property
- Period of Use: 6 months (50% of the year) equates to an adjustment factor of 0.5

Calculation:

- Rental Fee = $\$20/\text{sf} \times 1,000 \text{ sf} \times 0.10 \times 0.5$
- Rental Fee = \$1,000 per 1,000 sf of the parcel used for construction staging.

Harrison Avenue Streetscape Improvement Project

If approved, an 8,800 square foot area and corresponding rental fee \$8,800 will be charged to contractors that request the use the AI Tahoe RDA parcels for construction staging on the Harrison Avenue Streetscape Improvement Project for a six month period. The contractor will not be required to use the AI Tahoe RDA parcels for construction staging and will not be charged unless use of the parcels is requested by the successful contractor or their subcontractors.

Strategic Implications

Allowing construction staging at the AI Tahoe RDA parcels will assist with infrastructure improvements that are part of the Strategic Plan Objective, "Improving the Built Environment."

By:



Stan Hill, P.E.
Associate Civil Engineer



Ray Jarvis, P.E.
Director of Public Works

Reviewed and Approved by:



Nancy Kerry
City Manager

Attachments: Figure 1: Map of RDA Parcels Requested for Construction Staging Use

FIGURE 1
Al Tahoe, RDA Parcels
Location Map

