

**MEMORANDUM
DEPARTMENT OF FACILITY SERVICES
COUNTY OF PLACER**

TO: Honorable Board of Supervisors

DATE: June 17, 2014

FROM: *MD* Mary Dietrich, Facility Services Director
By: Laurie Morse, Property Manager

SUBJECT: Auburn Depot Acquisition and Union Pacific Railroad Industrial Lease

ACTION REQUESTED:

1. Approve the acquisition of the Auburn Depot Building and Improvements, located at 601 Lincoln Way, Auburn, CA from the Auburn Chamber of Commerce, a 501-(c)(6) through a Conveyance Agreement; and,
2. Approve a new Industrial Lease with Union Pacific Railroad Company, a Delaware corporation, to lease the property associated with the Auburn Depot building and improvements, in an annual amount of \$14,780 at no new net County cost; and,
3. Adopt a Resolution authorizing the Director of Facility Services, or designee, to execute all documents and take all actions necessary to complete the Conveyance Agreement and Industrial Lease based on the attached Material Terms (Exhibit A) following approval by County Counsel and Risk Management; and,
4. Approve a Budget Revision establishing a new Capital Project for the Auburn Depot Project No. 4935 in the amount of \$93,000 in the Capital Projects Fund with no new net county cost; and,
5. Authorize the acquired building and improvements to be added to the Master Fixed Asset List.

BACKGROUND: In Fall 2013, representatives of the Auburn Chamber of Commerce (Chamber) approached the Property Management Division with an offer to grant the Auburn Depot Building, sculpture, and rail cars (see Exhibit B – Auburn Depot Improvements), located on Lincoln Way in Auburn to the County. Constructed originally as a train station for Southern Pacific Railroad Company (SP) in 1898, the Auburn Depot Building first served as the station's ticket counter and then as the Railroad Manager's office until the early 1970's. In June 1988, the Chamber began working with SP to purchase the building for \$1, and entered into an Industrial Lease for their use of the associated property. Union Pacific Railroad Company (UP) purchased the rail lines from SP in September 1996 and the Chamber's Industrial Lease transitioned over to UP. The Chamber, with community involvement, improved the Auburn Depot property with the addition of an exterior sculpture of a Chinese railroad worker, engraved donor bricks, one rail car, one caboose, and two railroad luggage carts. An additional rail car was purchased by the Auburn Symphony and it was located adjacent to the Chamber's rail car on the Auburn Depot property.

This offer stemmed from the Chamber's July 2014 planned move into the former Auburn City Hall building on High Street, and their interest in finding an occupant who could take advantage of the building's historic value. Staff evaluated possible County uses for the 2,059 square foot building and identified it as a good location for the Gold Country Museum currently located at the Gold Country Fairgrounds.

The Museums Division views the relocation to the Auburn Depot property as a unique opportunity to enlarge the Gold Country Museum offerings on display due to the improved heating, ventilation and air conditioning. The location is also ideal for highlighting featured attributes associated with the Transcontinental Railroad. This new location will be easier for patrons to find, and this Museum will

serve as a popular attraction to Downtown Auburn. Capital Improvements' staff inspected the Auburn Depot Building and found it to be in excellent condition. Minimal modifications to accommodate the Gold Country Museum's occupancy include the addition of an exterior fence/barricade to keep the public from entering the tracks, a new interior ramp, removal of interior walls, and evaluation of life safety and Americans with Disabilities Act (ADA) compliance items. Construction modifications are estimated to be \$74,000; moving and exhibit costs are estimated to be \$9,000; and project management costs are estimated to be \$10,000; totaling \$93,000. Plans will be submitted to the City of Auburn for plan check and a building permit. Once building modifications are complete, the Gold Country Museum will relocate from the current leased building in the Gold Country Fairgrounds, which is in month-to-month hold-over status.

To conclude this acquisition, the County must enter into a Conveyance Agreement through which the Chamber will grant the Auburn Depot Improvements (Exhibit B) to the County via a Quitclaim Deed. The Quitclaim will include the rail car owned by the Auburn Symphony. The proposed Conveyance Agreement addresses the Chamber's receipt of a quitclaim deed for the rail car from the Symphony prior to the recordation of the Quitclaim from the Chamber.

In addition to this Agreement, the County must enter into a new Industrial Lease with UP to allow the County's use of the land underlying and surrounding the Auburn Depot. The annual rent will be \$14,780 for the UP Industrial Lease which is \$1,192 less than the Museum's current rent paid for its Gold Country Fairgrounds location. Consistent with the current UP Lease with the Chamber, all improvements associated with the Auburn Depot (building, exterior sculpture, engraved donor bricks, rail car, caboose, and railroad luggage carts) must be removed at termination of the Lease, at County's sole cost. The Lease initial term is for one year and automatically extends each year. Discussions with UP indicate that the County's occupancy can continue for the foreseeable future.

Your Board's approval of the attached Resolution is necessary to authorize the Director of Facility Services, or designee, to execute the Conveyance Agreement and Industrial Lease, and implement all documents necessary for the above described transactions, subject to the attached Material Terms (Exhibit A), and County Counsel and Risk Management approval. This transaction is allowed pursuant to Government Code Section 25350 that provides for the acquisition of real property interests. This action has been publicly noticed pursuant to this Code.

ENVIRONMENTAL CLEARANCE: This action is Categorically Exempt from review pursuant to Section 15301 of the California Environmental Quality Act as a lease and minor alteration of an existing structure.

FISCAL IMPACT: While only \$1.00 is being paid to the Chamber for the Auburn Depot Improvements, costs associated with this project to acquire and relocate the Gold Country Museum to the Auburn Depot are estimated to be \$93,000. Tenant improvements and moving costs are estimated to be \$83,000 plus legal and project management costs of \$10,000. Rent for the Union Pacific Ground Lease is less than the rent currently paid for the Gold Country Fairgrounds' building and is included the Museum's FY 2014-15 Proposed Budget. A Budget Revision is needed to establish a new Capital Project for the Auburn Depot Improvements Project No. 4935 in the amount of \$93,000. Sources of funds will be from Capital Projects No. 4734 - Museum Improvements (\$15,764); No. 4863 - Archives (\$18,000); No. 4792 - Bernhard Master Plan (\$20,000); and Museum Donations Trust Fund (\$39,236).

ATTACHMENTS: EXHIBIT A – MATERIAL TERMS
EXHIBIT B – AUBURN DEPOT IMPROVEMENTS MAP
BUDGET REVISION
RESOLUTION

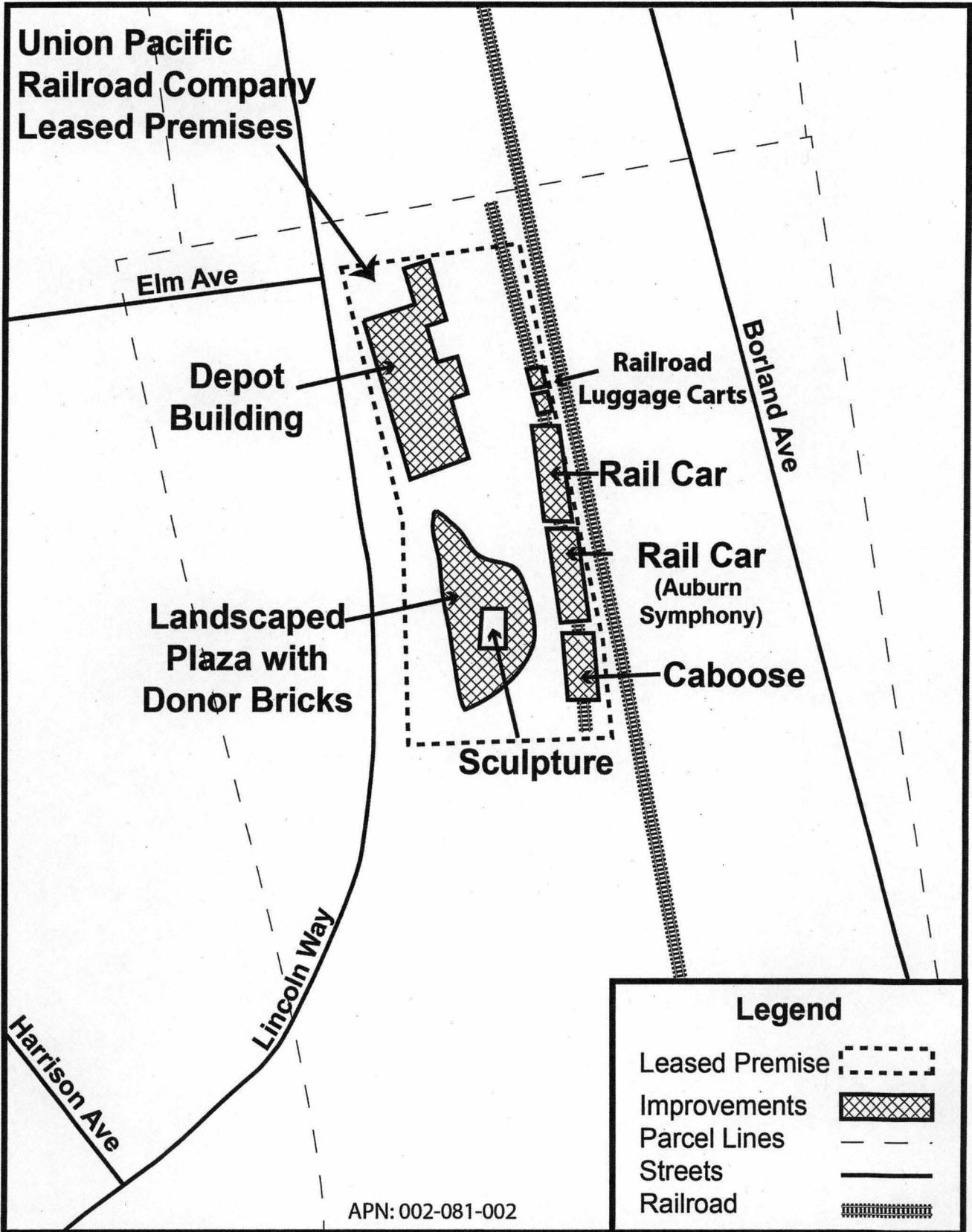
CC: COUNTY EXECUTIVE OFFICE
AUDITOR – CONTROLLER

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EXHIBIT A
INDUSTRIAL LEASE AGREEMENT MATERIAL TERMS

1. **Parties**: The Industrial Lease Agreement (Agreement) shall be between the County of Placer, a political subdivision of the State of California (Lessee), and Union Pacific Railroad Company, a Delaware corporation (Lessor), referred to collectively as (Parties).
2. **Leased Premises**: The Leased Premises (Premises) is comprised of the underlying and surrounding Auburn Depot Improvements located at 601 Lincoln Way, Auburn, CA 95603 as depicted on Exhibit B.
3. **Term**: One (1) year Lease Term upon full execution of the Agreement.
4. **Option to Extend Term**: Lessor shall extend the Lease Term for one (1) year and from year to year thereafter.
5. **Early Termination**: Upon termination of the Agreement, Lessee shall remove all Auburn Depot Improvements including all structures, property and other materials not belonging to Lessor.
6. **Rent**: Fourteen thousand, seven hundred and eighty and no/100 dollars (\$14,780.00) paid annually. The Rent during the Extended Term shall increase three percent (3%) annually, cumulative and compounded. Not more than once every five (5) years, Lessor may redetermine the Rent.
7. **Utilities & Services**: County shall pay for all utilities and services supplied to the Premises.
8. **Improvements**: No improvements placed upon the Premises by County shall become a part of the realty.
9. **Lease Agreement**: Parties shall utilize Lessor's modified standard Industrial Lease Agreement as modified to reflect the terms herein.
10. **Use**: Operation of a public Mining Museum, related parking, and purposes incidental thereto.
11. **Minor Alterations**: All alterations, improvements or installations shall be at County's sole cost and expense.
12. **Special Provision – Fence/Barricade**: County shall construct and maintain, at County's sole expense, a fence/barricade of a design satisfactory to Lessor, to prevent the public from entering the adjacent railroad tracks.

**EXHIBIT B
AUBURN DEPOT IMPROVEMENTS**



APN: 002-081-002

Before the Board of Supervisors County of Placer, State of California

In the matter of: A Resolution authorizing the Director of Facility Services, or designee, to take all actions necessary to acquire Auburn Depot Improvements, located at 601 Lincoln Way, Auburn, CA and to execute the Union Pacific Railroad Company Industrial Lease for a portion of APN 002-081-002.

Resol. No: _____

RESOLUTION was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, 2014 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest: Clerk of said Board

WHEREAS, the Auburn Chamber of Commerce (Chamber) currently owns improvements including a 2,059 square foot building with landscaping, two railroad luggage carts, two rail cars, one caboose, a landscaped plaza with two benches and engraved donor bricks, and one exterior concrete sculpture located at 601 Lincoln Way, Auburn, CA, on a portion of APN 002-081-002 (Auburn Depot Improvements); and,

WHEREAS, the Chamber desires to transfer the Auburn Depot Improvements to the County for \$1.00 utilizing a Quitclaim Deed; and,

WHEREAS, the Chamber currently holds an Industrial Lease with Union Pacific Railroad Company for the use of the land occupied by the Auburn Depot Improvements; and,

WHEREAS, the County of Placer intend to secure a new Industrial Lease from the Union Pacific Railroad Company that would authorize the County's use of the property for a museum.

NOW THEREFORE, BE IT RESOLVED, that the Board of Supervisors does hereby authorize the Director of Facility Services, or designee, to execute the Conveyance Agreement between the County of Placer and the Chamber and accept and record the Quitclaim Deed for the Auburn Depot Improvements, to execute the Union Pacific Railroad Industrial Lease for the land occupied by the Auburn Depot Improvements, subject to the Material Terms, and to execute all other documents and take all actions necessary for these property transactions.

PAS DOCUMENT NO.

Facility Service to do journal to transfer cash

BUDGET REVISION

POST DATE:

DEPT NO.	DOC TYPE	Total \$ Amount	TOTAL LINES
12	BR	332,764.00	9

- Cash Transfer Required
Fund 370 Subfund 670
- Reserve Cancellation Required
- Establish Reserve Required

b14
 Auditor-Controller *Mg*
 County Executive
 Board of Supervisors

ESTIMATED REVENUE ADJUSTMENT

APPROPRIATION ADJUSTMENT

DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ 3	PROJ.	PROJ. DTL	AMOUNT	DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ 3	PROJ.	PROJ. DTL	AMOUNT
12	006		140		991078	04935	8990			39,236.00	12	014		140		991078	04935	4151			93,000.00
											12	034		140		991078	04935	4151	704935	010000	93,000.00
											12	015		140		991078	04734	4151			15,764.00
											12	035		140		991078	04734	4151	704734	010000	15,764.00
											12	015		140		991078	04863	4151			18,000.00
											12	035		140		991078	04863	4151	704863	010000	18,000.00
											12	015		140		991078	04792	4151			20,000.00
											12	035		140		991078	04792	4151	704792	010000	20,000.00
TOTAL										39,236.00	TOTAL										293,528.00

REASON FOR REVISION: TO MOVE APPROPRIATIONS BETWEEN CAPITAL PROJECTS WITHIN THE CAPITAL PROJECTS FUND AND APPROPRIATE EXPENDITURES AND OFF-SETTING REVENUES FROM THE MUSEUM TRUST FUND FOR THE AUBURN DEPOT IMPROVEMENTS.

Prepared by Valerie Bayne Ext 6803
 Department Head Valerie Bayne
 Board of Supervisors _____

Date: 6/17/14
 Page: _____

Budget Revision # _____ FOR INDIVIDUAL DEPT USE

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