



City Council Agenda Report
March 18, 2025

TO: Honorable City Council

FROM: Jesus M. Gomez, City Manager

BY: Alex Hamilton, Interim Director of Community Development

**SUBJECT: TEMPORARY LEASE EXTENSION AGREEMENT FOR THE PROPERTY AT
12405 ROSECRANS AVENUE - NORWALK AUTO AUCTION**

Background:

Since September 1, 1985, Aquirecorp, has leased the property located at 12405 Rosecrans Avenue (Norwalk Auto Auction) from the City. The City and Aquirecorp entered into an agreement to extend the terms of the ground lease under the provisions outlined in the "First Amendment" executed on September 16, 2020, followed by the "Second Amendment" dated January 12, 2021. Aquirecorp's lease for the location expired in December 2024, with an approved extension to March 2025.

The City has been in active negotiations with Aquirecorp to enter into an amendment to the lease agreement pursuant to the terms presented to the City Council on December 3, 2024. However, negotiations regarding the proposed "Third Amendment" have taken longer than expected. A recent inspection of the property conducted by City staff determined that more time is needed to negotiate and complete necessary improvements before a long-term ground lease extension is agreed upon. To ensure that each parties' rights and obligations are maintained during the negotiation period, staff is requesting City Council provide the City Manager the authority to enter into an amendment to temporarily extend the terms of the existing month-to-month lease agreement up to six months to August 2025 and continue negotiating the terms of a long-term ground lease extension. This temporary extension would be considered the new "Third Amendment" and any long-term agreement would either be a proposed "Fourth Amendment" or an entirely new lease agreement.

Fiscal Impact:

The temporary extension of the existing agreement under the new Third Amendment will maintain rental income at a monthly base rent of \$71,776.58. The fiscal impact of the long-term extension will be determined upon completion of negotiations with Aquirecorp.

Citizens Advised:

N/A

Strategic Plan 2023 Implementation:

N/A

Recommended Action:

Staff recommends City Council authorize the City Manager to a) enter into a new Third Amendment with Aquirecorp to temporarily extend the terms of the current lease agreement in a form approved by the City Attorney's Office; and b) continue negotiating terms for a long-term ground lease extension.

Attachments:

N/A