

Meeting Date: 6/25/2013

Report Type: Consent

Report ID: 2013-00457

Title: Lease Agreement: Second Amendment to Lease with Gateway Community Charters for a Portion of George Sim Community Center

Location: 6207 Logan Street, District 6

Issue: Council approval is required to amend the lease for a portion of the George Sim Community Center to extend the term for two years because the revenue would exceed \$100,000.

Recommendation: Pass a Resolution 1) approving extending the term of the lease with Gateway Community Charter School for a portion of the property located at 6207 Logan Street commonly known as George Sim Community Center for two years and to add a room; 2) authorizing the City Manager or the City Manager's designee to execute the Second Amendment; and 3) authorizing the City Manager or the City Manager's designee to establish revenue and expenditure budgets as required within the Parks and Recreation Department, General Fund Budget.

Contact: Sylvia Fort, Recreation Manager, (916) 808-8381; Elizabeth Anderson, Operations Manager, (916) 808-6076; James L. Combs, Director, Department of Parks and Recreation

Presenter: None

Department: Parks & Recreation Department

Division: Teen and Community Services

Dept ID: 19001411

Attachments:

- 1-Description/Analysis
- 2-Background for Sim Center Lease Amendment
- 3-Resolution
- 4-Sim Lease Amendment

City Attorney Review

Approved as to Form
Sheryl Patterson
6/18/2013 1:17:48 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
John Colville
6/17/2013 9:56:54 AM

Approvals/Acknowledgements

Department Director or Designee: Jim Combs - 6/17/2013 12:19:37 PM

Description/Analysis

Issue Detail: Over the past several years, and due to continued challenges to the General Fund, the Parks and Recreation Department leased community centers and clubhouses in an effort to keep the doors and open and offer programs and services to the surrounding communities. Gateway Community Charters has leased two room within the George Sim Community Center since November 1, 2011, and requests expansion to a third room beginning July 1, 2013. Staff recommends Council approve the proposed second amendment including the expanded use and extension of the lease term through June 30, 2015. The Department of Parks and Recreation will continue to provide other available space in the center for City operated programs, services, events, private rentals and community meetings.

Policy Considerations: This recommendation is consistent with the provisions of the Sacramento City Code section 3.638.110E, which provides if the City Council finds it in the best interests of the City it may lease City-owned property without bidding to a nonprofit tax-exempt community organization with a membership comprised predominately of persons residing in the City limits, so long as the lease term does not exceed 10 years.

Environmental Considerations: This agreement does not constitute a project under Section 15061(b) (3) of the California Environmental Quality Act (CEQA) Guidelines.

Sustainability: This program has been reviewed to ensure its consistency with the goals, policies, and targets of the City's Sustainability Master Plan (SMP).

Commission/Committee Action: None with this item.

Rationale for Recommendation: This action maximizes service delivery to the community through both City services provided at Sim Community Center together with those of Gateway Charter Schools. Lease revenues reduce operating expenses for the General Fund as well.

Financial Considerations: The term of the recommended lease amendment between the City and Gateway Community Charter Schools will be for two years, from July 1, 2013 through June 30, 2015. Lease revenue will be \$5,800 per month or \$69,600 annually, plus an option to use rooms an additional day for \$121.00 per occurrence, which will cover City utility and building service costs. Gateway Community Charters will be responsible for building repairs and maintenance in consideration of the waiver of building rent payments. Revenue and expenditure budgets will be established for FY 2013/14. Lease revenue for the two-year term will be \$139,200 and will be included in the Department of Parks and Recreation's budget to offset facility operating, maintenance, and utility costs.

Emerging Small Business Development (ESBD): Not applicable.

Background

Gateway Community Charters, Inc. is an independent non-profit agency that supports students, parents and the community through the conception, development, administration and governance of innovative, high quality, standards-based educational school choice options within the greater Sacramento region.

Gateway Community Charter has leased space within George Sim Community Center since November 1, 2011. A first amendment was executed August 14, 2012 to expand to an additional room within the Center. With this requested action, the term of the lease will be extended two years to June 30, 2015. The lessee may use the premises additional days through a separate permitting process.

RESOLUTION NO. 2013-

Adopted by the Sacramento City Council

June 25, 2013

APPROVING A SECOND AMENDMENT TO A LEASE AGREEMENT FOR GEORGE SIM COMMUNITY CENTER WITH GATEWAY COMMUNITY CHARTERS

BACKGROUND

- A. Sacramento City Code section 3.638.110E allows for the lease of City property without bidding when the lease is with a nonprofit tax-exempt community organization with a membership comprised predominately of persons residing in the City limits, so long as the lease term does not exceed 10 years.
- B. On November 1, 2011, the City Council approved a lease with Gateway Community Charters for rooms within George Sim Community Center located at 6207 Logan Street for operation of a charter public school.
- C. On August 14, 2012, a first amendment to the lease agreement to add an additional room was executed.
- D. Continued leasing of a portion of the George Sim Community Center to Gateway Community Charters will generate General Fund revenue to offset the City's utility and maintenance costs, and maximize use of the facility for the public's enjoyment.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The Second Amendment to the lease with Gateway Community Charter School for a portion of the property located at 6207 Logan Street, commonly known as George Sim Community Center, to extend the term from July 1, 2013 to June 30, 2015 and to allow for the use of additional room days, is hereby approved.

Section 2. The City Manager or the City Manager's designee is authorized to execute the Second Amendment.

Section 3. The City Manager or the City Manager's designee is authorized to establish annual revenue and expenditure budgets for the lease within the Parks and Recreation Department, Community Centers, General Fund Budget.

Section 4. The City Manager or the City Manager's designee is authorized to execute such additional documents and to take such additional actions necessary to implement the lease agreement for the property.

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Exhibit A - Second Amendment to a Lease at the George Sim Community Center

SECOND AMENDMENT TO LEASE GEORGE SIM COMMUNITY CENTER

THIS SECOND AMENDMENT (the "Amendment") is made as of July 1, 2013, by and between the **CITY OF SACRAMENTO**, a municipal corporation, ("CITY") and **GATEWAY COMMUNITY CHARTERS**, a California nonprofit public benefit corporation and public charter school ("ORGANIZATION").

RECITALS

- A. The above-named parties entered into a Memorandum of Understanding and Lease Agreement (the "Principal Agreement"), dated November 1, 2011, City Agreement No. 2011-1484, for use of rooms 400 and 900 within the building commonly known as the George Sim Community Center (the "Premises") for operation of a charter public school.
- B. Although the Term under the Principal Agreement is stated was November 1, 2011, CITY permitted ORGANIZATION to occupy the Premises prior to that date under a building use permit to allow for ORGANIZATION to commence operations in the Premises to meet the start of the 2011-2012 school year.
- C. The First Amendment to the Principal Agreement added room 300 as part of the "Premises" effective August 14, 2012, based on the date CITY permitted ORGANIZATION to exclusively occupy that room.
- D. ORGANIZATION desires to make improvements to Room 300 to install a "smart board" and such improvements are permitted under Section 4 of the Principal Agreement.
- E. ORGANIZATION's rights under the Principal Agreement to Rooms 300, 400 and 900 are only Monday through Thursday and ORGANIZATION desires the option to use one or more of these rooms on one or more Fridays if CITY has not programmed an activity in such rooms on such dates.
- F. The Parties now desire to extend the Term of the Lease by two years, and to allow for ORGANIZATION to use the Premises on certain Fridays and to adjust the utilities and service costs accordingly.

NOW THEREFORE, it is mutually agreed between the Parties as follows:

1. **Lease Term**. Section 1, Term, of the Principal Agreement is amended to extend the term through June 30, 2015. All other terms and provisions in Section 1 shall remain unchanged.

2. **Center Use and Operations**: Section 2, "Center Use and Operations," Paragraph B, "Schedule," of the Principal Agreement is amended to add the following:

“ORGANIZATION may request use of Rooms 300, 400 and/or 900 on one or more Fridays each month and CITY will permit such additional use of the Premises if CITY has not previously arranged for an activity sponsored by CITY or under a rental agreement for said room on that date.”

All other terms and provision in Section 2, Center Use and Operations, of the Principal Agreement shall remain unchanged.

3. **Building Utilities, Services and Maintenance:** Section 3, “Building Utilities, Services and Maintenance,” Paragraph A, “Utilities,” as revised under the First Amendment to add Room 300, provides for a total cost for utilities for the three rooms of \$5,800 per month based on use on Monday through Thursday each week. Therefore, based on 16 days per month of use, the daily rate for utilities would be \$121. In order to address the option to use Room 300, 400 and/or 900 on Fridays, Paragraph A of Section 3 is amended to add the following:

“If ORGANIZATION is permitted by CITY to use Room 300, 400 and/or 900 on a Friday, then the amount owed for Utilities for that month shall be increased by \$121 for rooms used on each Friday of that month.”

All other terms and provision in Section 3, Building Utilities, Services and Maintenance of the Principal Agreement shall remain unchanged.

4. **Entire Agreement.** This Amendment constitutes the entire agreement, and supersedes any prior written or oral agreements, between the Parties with respect to the matters contained herein. All other terms and conditions of the Principal Agreement not modified by this Amendment shall remain in full force and effect.

5. **Authorization.** Each individual executing this Amendment on behalf of any entity represents and warrants that he or she has been duly authorized to do so by the entity on whose behalf he or she executes this Amendment and said entity will thereby be obligated to perform the terms of this Amendment.

[signature page follows]

IN WITNESS WHEREOF, this Second Amendment has been executed by CITY and ORGANIZATION as of the day and year first stated above.

CITY OF SACRAMENTO,
a municipal corporation

By: _____
James L. Combs, Director
Department of Parks and Recreation
For: John F. Shirey, City Manager

Approved as to form:

By: _____
Senior Deputy City Attorney

Attest:

By: _____
City Clerk

GATEWAY COMMUNITY CHARTERS,
a California non-profit public benefit corporation
and public charter school

By: *Cindy R Petersen*
Dr. Cindy Petersen
GCC Superintendent/CEO