Title: Lease Termination and Acceptance of County Building at 3415 Martin Luther King Jr. Boulevard

Location: 3415 Martin Luther King Junior Boulevard, District 5

Recommendation: Pass a Motion authorizing the City Manager or the City Manager’s designee to execute: 1) the Amendment and Termination Agreement with Sacramento County for City Agreement No. 77156 concerning lease of the property; and 2) the Bill of Sale accepting title to the building located at 3415 Martin Luther King Jr. Boulevard.

Contact: Shannon Brown, Interim Director, (916) 808-6076; Barbara Smith, Administrative Officer, (916) 808-5762, Department of Youth, Parks, & Community Enrichment

Presenter: Not applicable

Attachments:
1. Description/Analysis
2. Amendment and Termination Agreement
3. Bill of Sale for County Multi-Service Facility Building
4. Lease - City Agreement No. 77156
5. Floor Plan - County Building at Oak Park Community Center Complex
Description/Analysis

**Issue Detail:** In October 1977, the City of Sacramento ("City") leased land within the Oak Park Community Complex at 3415 Martin Luther King Jr. Blvd to the County of Sacramento ("County") for the purpose of constructing a building to operate the County Multi-Service facility. Under the terms of the lease, the rental is one dollar ($1.00) per year and the term is 55 years. The County constructed a 10,759 square foot building on the site in 1979 and has occupied this facility since that time. The building was used to provide health services for the Oak Park community. The lease provides that upon termination, the County shall either relinquish title to the building to the City or to remove all improvements at the County’s expense.

In April 2019, County notified the City that they wish to terminate the lease early, vacate the building and relinquish title to the building to the City at no cost, effective June 30, 2019. City representatives have inspected the building and found it to be in good condition and equipped to offer a variety of services to the community. The office suites include a dental office, a medical clinic, and administrative space. The building will be repurposed to provide services to the Oak Park community.

**Policy Considerations:** The recommendations in this report are consistent with the City’s strategic plan and goals of the City Council to provide services to the community.

**Economic Impacts:** None

**Environmental Considerations:** In accordance with Sections 15301 and 15132 of the California Environmental Quality Act Guidelines, transfer of this existing building as surplus government property is exempt from environmental review.

**Sustainability:** Not Applicable.

**Commission/Committee Action:** None

**Rationale for Recommendation:** Staff recommends approval of the lease termination and acceptance of the County building. The Youth, Parks, & Community Enrichment Department and Facilities staff have inspected the building and found it to be in very good condition. The building is equipped to provide medical, dental, and other services to the community, and is conveniently located within the Oak Park Community Center Complex. Future use of this building may include leasing it to a medical care provider or non-profit organization that will provide low cost services to the Oak Park Community.
**Financial Considerations**: The County is electing to terminate the lease and relinquish title to the building at no cost to City.

**Local Business Enterprise (LBE)**: Not applicable.
AMENDMENT AND TERMINATION AGREEMENT

This AMENDMENT AND TERMINATION AGREEMENT ("Amendment") is entered as of this ___ day of ___________, 20___, by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California ("COUNTY"), and the CITY OF SACRAMENTO, a municipal corporation (hereinafter referred to as "CITY"), and shall be effective upon the date it is mutually executed as set forth on the signature page hereof ("Amendment Effective Date"): 

RECITALS

A. On October 3, 1977, the COUNTY and CITY entered into a LEASE ("Agreement"), numbered for reference purposes as CITY Agreement No. 77156, concerning use of real property, approximately 34,800 square feet, located at 3425 Martin Luther King Jr. Blvd, Sacramento, CA 95817, also known as a portion of APNs 014-0202-020, 021, 022, 023, and 024 ("Premises"); and

B. Per the terms of the Agreement, the COUNTY constructed and operated a COUNTY Multi-Service facility on the Premises, which has now been vacated; and

C. COUNTY desires to terminate the fifty-five (55) year lease early, so that the Agreement expires effective June 30, 2019; and

D. The COUNTY and CITY now desire to modify Section 2 of the Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the facts contained in the recitals above, the mutual covenants and conditions below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The foregoing recitals are true and correct and are hereby incorporated by reference.
2. Section 2 (Term) of the Agreement is hereby deleted in its entirety and replaced with the following:

   “2. Term.

   (a) Commencement Date. The term of this Agreement commenced on October 3, 1977.

   (b) Expiration Date. The term of this Agreement shall expire at 11:59 PM local time on June 30, 2019.

3. In accordance with Section 8 (Expiration) of the Agreement, the COUNTY exercises its right to have the CITY take possession of any improvements on the leased premises and the CITY accepts the improvements in as-is condition.

4. Except as expressly set forth in this Amendment, all the provisions of the Agreement shall remain in full force and effect. In the event of a conflict between any term and provision of the Agreement and this Amendment, the terms and provisions of this Amendment shall control. In addition, except as otherwise stated in this Amendment, all initially capitalized terms will have the same respective defined meaning stated in the Agreement.

   [Signature Page Follows]
IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

CITY:
City of Sacramento, a municipal corporation

By: __________________________
Print Name: ______________________
Title: ___________________________
For Howard Chan, City Manager
Dated: __________________________

COUNTY:
County of Sacramento, a political subdivision of the State of California

By: Jeffrey A. Gasaway, Director
Department of General Services
Date: __________________________

Under delegated authority by Resolution No. __________
Dated: __________________________

REVIEWED AND APPROVED BY COUNTY COUNSEL:

________________________________
Stephanie G. Percival
Deputy County Counsel
BILL OF SALE

For good and valuable consideration, the receipt of which is hereby acknowledged, the County of Sacramento, a political subdivision of the State of California ("COUNTY"), does hereby transfer and convey to the City of Sacramento, a municipal corporation ("CITY"), all its right and interest in the improvements, furniture, fixtures and equipment associated with the County Multi-Service facility located at 3415 Martin Luther King Junior Boulevard, Sacramento, California 95817, also known as a portion of APNs 014-0202-020, 021, 022, 023 and 024:

See Exhibit “A” attached hereto and made part hereof.

Dated this _____ day of ____________, 20____

COUNTY OF SACRAMENTO, a political subdivision of the State of California

BY: ______________________________

Jeffrey A. Gasaway, Director
Department of General Services
Under delegated authority by:
Resolution No: ____________
Dated: ________________

CERTIFICATE OF ACCEPTANCE
- City of Sacramento -

This is to certify that the interest in property conveyed by the within document, the provisions of which are incorporated by this reference as though fully set forth in this Certification, to the City of Sacramento, a municipal corporation, is hereby accepted by the undersigned officer pursuant to authority conferred by ________________.

__________________________________________
Name: ______________________________ Date
Title: _________________________________
EXHIBIT A

County Multi-Service facility
EXHIBIT "A"

LEASE

THIS LEASE is made and entered into \underline{October 3}, 1977, by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California, hereinafter referred to as "County" and the CITY OF SACRAMENTO, a municipal corporation, hereinafter referred to as "City" who agree as follows:

RECITALS:

WHEREAS, County desires to lease certain land owned by City which is hereinafter described for the purpose of constructing and operating a County Multi-Service facility; and

WHEREAS, City desires to lease said land to the County for the purpose of constructing and operating a County Multi-Service facility.

NOW, THEREFORE, IT IS HEREBY AGREED as follows:

1. Lease: Subject to the terms and conditions of this Lease, City leases to County and the County hires and takes from City, the land generally shown on the plat marked Exhibit A and described in detail in Exhibit B each of which is attached hereto and incorporated herein by reference.

2. Term: Unless earlier terminated, the term of this lease shall be fifty-five (55) years commencing on the date of this lease.

3. Rent: The rental shall be one dollar ($1.00) per year.

4. Indemnification: The County shall defend, indemnify, and hold harmless City from any and all claims, demands, actions, costs, expenses, lia-
bility, or loss for injury caused by the negligent or wrongful acts or omissions of its officers, employees, or servants, whether or not compensated, occurring in the performance of this lease.

City shall defend, indemnify, and hold harmless County from any and all claims, demands, actions, costs, expenses, liability, or loss for injury caused by the negligent or wrongful acts or omissions of its officers, employees, or servants, whether or not compensated, occurring in the performance of this lease.

5. **Use:** The County shall use the leased premises to construct and operate a County multi-service center facility. No use other than the construction and operation of a County multi-service facility shall be made of the leased premises without the prior written consent of City.

6. **Utilities:** City shall provide off-site utility services to the property line of the leased premises. County shall develop all on-site utility services and shall pay for all periodic utility service charges including, but not limited to, water, sewer, gas, electricity charges, garbage, and waste disposal.

7. **Improvements:**

   a. **Right to construct:** County shall have the right to construct, operate, and maintain a 10,500± square foot multi-service facility on the leased premises and everything necessary and incidental thereto.

   b. **Architect selection and plan review:**

      1. **Selection of architect -** County shall select the archi-
tect for the proposed multi-service facility giving consideration to the Master Plan Architect concurrent with the intent to select the architect who may most effectively maintain architectural consistency on behalf of the City's Oak Park Community Complex and project costs on behalf of County. With respect to selection of an architect for the project, the County shall have the option to do one of the following:

a. Select and contract with either the Oak Park Master Plan architect or any other architect that - in the sole judgement of the County - will best serve the County's interest in implementing the project within the limits of approved scope and budget while assuring architectural consistency with the overall complex, or

b. Contract with the City to obtain architectural services from an architect to be selected by and directed by the City, with assurances being provided that the project will be designed for implementation consistent with the project scope and budget approved by the County Board of Supervisors.

(2.) Plan review - County shall submit construction plans to City for approval of exterior architectural design and materials.

(3.) County shall commence construction on the multi-service facility center as soon as possible and shall diligently pursue completion of the project so as to integrate such construction with the balance of the Oak Park Community Complex.

8. Expiration: Upon the expiration of this lease, County shall have the
right either in having the City take possession of any improvements on the leased premises or to have the County remove any or all such improvements and restore the land to its natural state. Any such removal and restoration shall be at the expense of the County and shall be accomplished within one hundred days of the date of expiration of this lease.

9. **Assignment:** County shall not assign or sublease the leased premises or any improvements made by County, or any part thereof, unless it first obtains the prior written consent of City. City shall not unreasonably withhold approval to assign or sublease the premises so long as the uses are within the then existing general theme of the Oak Park Community Complex.

10. **Notices:** All notices hereunder shall be deemed properly served when deposited in the United States mail, postage prepaid, and addressed as follows:

a. **County:**
   Chief Real Estate Agent
   Real Estate Division
   Department of Public Works
   717 K Street, Room 333
   Sacramento, California 95814

b. **City:**
   City of Sacramento
   City Hall, Room 207
   Ninth and I Streets
   Sacramento, California 95814

11. **Time; Waiver:** Time and strict and punctual performance are of the essence of this lease. The terms and conditions hereof shall extend to and be binding upon, and inure to the benefits of, the successors and assigns of the parties hereto. No waiver of any term or condition of this lease shall be construed to waive any subsequent breach of the same or any other term or condition of this lease.
12. **Modifications:** Subject to obtaining prior approval of City, County may, from time to time, remodel, expand, or in some way change the improvements located on the leased premises. Prior to commencement of any remodeling, expansion, or changes, County shall first submit its plans to City and obtain written approval of City. City shall not unreasonably withhold approval of City. City shall not unreasonably withhold approval of such remodeling, expansion, or changes so long as such are within the then existing theme of the Oak Park Community Complex. It is understood that in order to execute such modifications, the lease term may have to be extended and other changes to the lease terms may be required subject to mutual agreement by both parties.

13. **Access Rights:** During construction, remodeling, expansion, and maintenance of the improvements on the leased premises, County shall have the right to use City land adjacent to the perimeter of the leased premises to facilitate such activities, so long as such use is compatible and does not unreasonably interfere with City activities or improvements thereon.

County shall have the right of pedestrian ingress to and egress from, across and upon the land adjacent to the leased premises leading to Sacramento Boulevard and any access roads leading to the leased premises for the purposes described above and everything necessary and incidental thereto.
IN WITNESS WHEREOF the parties have executed this lease agreement the day and year first written above.

"COUNTY"

COUNTY OF SACRAMENTO, a political subdivision of the State of California

By Chairman of the Board of Supervisors

"CITY"

CITY OF SACRAMENTO, a municipal corporation

By City Manager

Approved as to form:

By County Counsel

Approved as to form:

By City Attorney
Tenative Site Plan
This is a tenative site plan which is to be replaced with a more precise plan mutually agreeable to both parties after preparation of preliminary plans.

EXHIBIT "A"
Adopted by The Sacramento City Council on date of

October 11, 1977

RESOLUTION AUTHORIZING EXECUTION OF LAND LEASE
AGREEMENT WITH THE COUNTY OF SACRAMENTO FOR THE
OAK PARK MULTI SERVICE COMPLEX

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

That the City Manager and City Clerk are hereby authorized and directed
to execute on behalf of the City of Sacramento, that certain Land Lease Agreement
with the County of Sacramento for the Oak Park Multi Service Complex.

PHILLIP L. ISENBERG
May

ATTEST:

LORRAINE MAGANA
CITY CLERK

CERTIFIED AS TRUE COPY
of Resolution No. 77-642

OCT 12 1977

DATE CERTIFIED
LORAINE MAGANA
CITY CLERK, CITY OF SACRAMENTO