



Agenda Report

File #: 18-2132

**AGENDA REPORT
REQUEST FOR CITY COUNCIL ACTION**

DATE: 10/17/2018

TO: Honorable Mayor and City Council Members

FROM: Community Development Department

SUBJECT:

City Council consideration of the First Amendment to the City of Corona Historic Civic Center Lease Agreement with off Broadway Corona Theater located at 815 W. Sixth Street, Suite 170.

RECOMMENDED ACTION:

That the City Council:

1. Approve the First Amendment to the City of Corona - Historic Civic Center Lease Agreement with Off Broadway Corona Theater (OBC).
2. Approve an estimated revenue increase of \$2,520.00 in the Historic Civic Center Fund 232 for Fiscal Year 2018-19.

ANALYSIS:

Off Broadway Corona Theater (OBC) is a local community theater providing opportunities for actors of all ages to participate in productions with professional actors and directors. OBC has been operating for over 15 years and is ran by Nancy Gettinger and Amanda Kalkanis. On April 4, 2018, the City Council approved a lease with OBC for office space at the Historic Civic Center (HCC) (Suite 170). OBC wishes to amend the lease to include additional space.

OBC's leased premises is roughly 231 square feet. The modest size of the space limits their use to office activities and one-on-one auditions. The HCC Community Room, Suite 120, is approximately 2,300 square feet and large enough to accommodate OBC's larger group activities including acting, vocal and orchestra training and rehearsals. OBC's request is to amend their lease to include the use of Suite 120. A similar arrangement is currently in effect between the City and the Corona Symphony Orchestra.

Staff is cognizant of the costs to operate the HCC as well as the public's desire to utilize the HCC Community Room as an event venue. The HCC Community Room is a venue utilized by the

community for private parties and events, but at the same time the Historic Civic Center has become home to non-profit organizations that provide cultural arts and miscellaneous services to the community. The community room is leased by general public and used by HCC tenants as supplemental space for their operation. Fortunately, the room is not always booked. A review of the reservation calendar found that the community room is rarely used on Tuesday. This opening allows for tenants to be accommodated while maintaining public availability.

The goal is to ensure that at a minimum the operating cost of the HCC is zero cost to the General Fund while remaining financially palatable to cultural arts organizations to maintain HCC as their hub for their services to the community. Therefore, OBC was presented with a rental fee based on the actual cost to use the room. It costs the City \$210 per month to allow OBC four (4) uses a month with each use being no more than four hours. Fees are subject to change based on state mandated minimum wage increases or city approved fee changes. Additional costs to OBC could include janitorial fees, utilities and a \$200 security deposit. The fees cover all associated costs under consideration.

The following is the proposed price and terms of payment for the real property lease amendment at the Historic Civic Center.

Leased Premises: 815 W Sixth Street, Suite 120 (2,316 square feet)

Property Use: The primary use is for acting, vocal and orchestra training and rehearsals
Lease Rate:

- \$210 per month (\$12.98 per hour x 4 hours x 4 days a month). No credit for time not used and no carry forward of hours not used. Rate is subject to change at any time.
- \$35 per hour beyond the four hours per day. Note: this is the nonprofit rate.

Other Terms:

- Lease Suite 120 only on Tuesday from 5:00 p.m. to 9:00 p.m.
- Security Deposit is \$200, replenished as needed.

All other terms, obligations and conditions shall remain in effect.

COMMITTEE ACTION:

The Public Services Committee at its meeting on June 6, 2018, discussed the proposed request. The Committee was in favor of the first amendment to the lease with OBC.

STRATEGIC PLAN:

The lease agreement is consistent with the City's Strategic Plan goal to Actively Engage in Public and Private Partnerships to Provide Services and Amenities because it provides a place of opportunity for a private enterprise to provide programs and services for youth groups within the City.

FISCAL IMPACT:

Approval of this action will generate an additional \$210 per month or \$2,520 annually for use of the additional space. Rent income will be deposited into the Civic Center Fund 232. The additional

income provides for a reduction in the operating cash transfer needed from the General Fund 110.

GENERAL FUND	
Budget Workshop May 23, 2018 - Est. Revenue Over Expenditures	\$6,626,911
Previously approved budget adjustments (net) - Note 1	(6,041,429)
Revised Estimated Revenue Over Expenditures - Note 1	\$585,482
Revenue Increase - Historic Civic Center Lease Agreement	2,520
Revised Estimated Revenue Over Expenditures - Note 1	\$588,002
Estimated Budget Balancing Measures Reserve 06/30/18	\$20,645,252
Estimated FY 2018-19 Change in Budget Balancing Measures	588,002
Estimated Budget Balancing Measures Reserve 6/30/19	\$21,233,254

Note 1: For financial reporting purposes, the Historic Civic Center Fund is part of the General Fund. Above information includes additional proposed items impacting the General Fund on the 10/17/18 agenda.

ENVIRONMENTAL ANALYSIS:

The execution of this lease agreement is not a project under the California Environmental Quality Act, therefore, an environmental analysis was not required.

PLANNING AND HOUSING COMMISSION ACTION:

Not applicable.

PREPARED BY: CYNTHIA LARA, ADMINISTRATIVE SERVICES MANAGER II

REVIEWED BY: JOANNE COLETTA, COMMUNITY DEVELOPMENT DIRECTOR

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: DARRELL TALBERT, CITY MANAGER

Exhibit 1 - First Amendment to Lease Agreement

Exhibit 2 - Leased Premises, Suite 170 & Suite 120

**FIRST AMENDMENT TO
CITY OF CORONA - HISTORIC CIVIC CENTER LEASE AGREEMENT
(OFF BROADWAY CORONA THEATER)**

1. PARTIES AND DATE.

This First Amendment to the City of Corona Historic Civic Center Lease Agreement ("First Amendment") is made and entered into this 17th day of October, 2018 by and between the City of Corona ("City") and Off Broadway Corona Theater, a sole proprietorship pending non-profit status ("Lessee"). City and Lessee are sometimes individually referred to as "Party" and collectively as "Parties" in this First Amendment.

2. RECITALS.

2.1 Agreement. City and Lessee entered into that certain City of Corona Historic Civic Center Lease Agreement dated April 4, 2018 ("Agreement"), whereby City agreed to provide lease space to Lessee in its property commonly referred to as the "Historic Civic Center" in the Agreement.

2.2 First Amendment. City and Lessee desire to amend to the Agreement for the first time, retroactive to July 1, 2018, to allow for reserved additional weekly uses of the Historic Community Room in exchange for the payment of an additional monthly fee.

3. TERMS.

3.1 Historic Community Room. Effective July 1, 2018, Section 3.12.3.1 is hereby added to the Agreement to read as follows:

"3.12.3.1 Additional Reserved Uses of Historic Community Room.

(a) Additional Reserved Times. As provided for in Section 3.12.3, additional uses of the Historic Community Room, over and above those complimentary uses provided for therein, are subject to all applicable usage and rental charges established by Landlord. Accordingly, Tenant and Landlord agree that Tenant hereby reserves and has the right to use the Historic Community Room every Tuesday from 5pm to 9pm ("Additional HCR Reserved Times") in exchange for complying with all terms of Section 3.12.3.1(b) below.

(b) Fee & Other Obligations. As consideration for the Additional HCR Reserved Times noted in Section 3.12.3.1(a) above, Tenant shall comply with all of the following:

ADDITIONAL HISTORIC COMMUNITY ROOM FEE & OTHER OBLIGATIONS (2300 SF)	
Additional Historic Community Room Fee	Two Hundred Ten Dollars (\$210) per month ("Additional HCR Fee"). The Additional HCR Fee shall be subject to adjustment by Landlord in its sole but reasonable discretion during the Term of the Agreement, which adjustment may be implemented by written notice from Landlord. As provided for in Section 3.3, the Additional HCR Fee is deemed to be part of the Rent owed under this Agreement, and shall be due and payable each month at the same time as the Base Rent.
HCR Security Deposit	Tenant shall submit to Landlord, on or before execution of the First Amendment, an additional security deposit in the amount of Two Hundred Dollars (\$200.00) as security for Tenant's faithful performance of its obligations under this Agreement with respect to the use of the Historic Community Room ("HCR Security Deposit"). The Parties agree to waive the provisions of Civil Code section 1950.7 and instead agree that Landlord may (but shall not be required to) apply or retain all or any portion of said HCR Security Deposit for the payment of any amount due Landlord from Tenant or to reimburse or compensate Landlord for any liability, expense, loss or damage which Landlord may suffer or incur by reason thereof, including but not limited to damage to the Historic Community Room. If Landlord uses or applies all or any portion of the HCR Security Deposit, Tenant shall within ten (10) days after written request, deposit monies with Landlord sufficient to restore said HCR Security Deposit to the full amount required by this Agreement. Should the Specific Use be amended to accommodate a material change in the Tenant's business or to accommodate a sublessee or assignee, Landlord shall have the right to increase the HCR Security Deposit to the extent necessary, in Landlord's reasonable

	<p>judgment, to account for any increased wear and tear that the Historic Community Room may suffer as a result thereof. If a change in control of Tenant occurs during this Agreement and following such change the financial condition of Tenant is, in Landlord's reasonable judgment, significantly reduced, Tenant shall deposit such additional monies with Landlord as shall be sufficient to cause the HCR Security Deposit to be at a commercially reasonable level based on such change in financial condition. This HCR Security Deposit shall be refunded to Tenant upon expiration of tenancy, less any amounts retained by Landlord pursuant to this paragraph. No part of the HCR Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Tenant under this Agreement.</p>
Additional Hourly Rate	<p>Thirty-Five Dollars (\$35.00) per additional hour beyond the Additional HCR Reserved Times ("Additional HCR Hourly Rate"). The Additional HCR Hourly Rate shall be subject to adjustment by Landlord in its sole but reasonable discretion during the Term of the Agreement, which adjustment may be implemented by written notice from Landlord. As provided for in Section 3.3, the Additional HCR Hourly Rate is deemed to be part of the Rent owed under this Agreement, and shall be due and payable each month at the same time as the Base Rent.</p>
Janitorial Fees	<p>Landlord, in its sole but reasonable discretion, shall have the right to determine that janitorial services are needed to clean the Historic Community Room following any use by Tenant. Tenant shall, within ten (10) days after written request, reimburse Landlord the full amount paid for janitorial fees incurred as a result of Tenant's use of the Historic Community Room.</p>
Hours Not Used	<p>Any hours associated with the Additional HCR Reserved Times shall not have any value, and thus Tenant shall not get credit for</p>

	any unused hours and unused hours shall not carry forward.
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3.2 Continuing Effect of Agreement. Except as amended by this First Amendment, all provisions of the Agreement shall remain unchanged and in full whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement as amended by this First Amendment.

3.3 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this First Amendment.

3.4 Counterparts. This First Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute but one and the same instrument.

[SIGNATURES ON FOLLOWING 2 PAGES]

LANDLORD'S SIGNATURE PAGE FOR
FIRST AMENDMENT TO
CITY OF CORONA - HISTORIC CIVIC CENTER LEASE AGREEMENT
(OFF BROADWAY CORONA THEATER)

CITY OF CORONA

By: _____
Darrell Talbert
City Manager

Attest: _____
Sylvia Edwards
City Clerk

APPROVED AS TO FORM:

By: _____
Dean Derleth
City Attorney

TENANT'S SIGNATURE PAGE FOR
FIRST AMENDMENT TO
CITY OF CORONA - HISTORIC CIVIC CENTER LEASE AGREEMENT
(OFF BROADWAY CORONA THEATER)

OFF BROADWAY CORONA THEATER
a sole proprietor pending non-profit status

By: _____
Signature

Name (Print)

Title (Print)

By: _____
Signature

Name (Print)

Title (Print)

EXHIBIT 2
MAP OF LEASED PREMISES

815 W. Sixth Street, Suite #170

