



Legislation Text

File #: 17-583, **Version:** 2

AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

DATE: 4/5/2017

TO: Honorable Mayor and City Council Members

FROM: Community Development Department

SUBJECT:

City Council consideration and approval of First Amendment to the Historic Civic Center Lease Agreement with Corona Historic Preservation Society to extend the term of the lease up to 5 years and establish an annual rent escalator.

RECOMMENDED ACTION:

That the City Council:

1. Approve the First Amendment to the City of Corona - Historic Civic Center Lease Agreement with the Corona Historic Preservation Society.
2. Authorize the City Manager, or his designee, to execute the first amendment to the lease agreement and documents in furtherance of this action.

ANALYSIS:

Since 2006, the Corona Historic Preservation Society (CHPS) has leased tenant space at the Corona Historic Civic Center located at 815 W. Sixth Street. CHPS occupies Suite 185 which is approximately 209 square feet. The initial lease gave CHPS rent-free tenant space in exchange for certain in-kind review services provided to the City on historic preservation matters, but required CHPS to pay common area maintenance fees. In February 2016, the initial lease expired and the City and CHPS entered into a one year lease that required CHPS to pay base rent for their tenant space. CHPS wishes to remain a tenant of the Corona Historic Civic Center and is requesting an extension to their lease.

The City is proposing to amend the current lease based on the terms agreed to by CHPS and the City.

1. Base rent will be established at \$0.30 per square foot.
2. A base rent escalator will be included and shall be the annual increase based on the

- Consumer Price Index or 3%, whichever is greater
3. The lease term will expire February 28, 2020, but prior to the expiration date an additional two years may be allowed as mutually agreed upon by both parties.

It should be noted the base rent is below market due to a few factors, 1) Suite 185 has obstructed access and is located behind a conference room with no direct access to the common area, 2) CHPS has restricted access because they are prohibited from entering the suite when the conference room is in use, and 3) due to already permitted activities, such as musical training, CHPS will be subject to elevated noise levels not conducive to standard office activities.

Except as amended by this first amendment, all provisions of the 2016 lease agreement shall remain in full force.

COMMITTEE ACTION:

The Public Services Committee at its meeting on January 11, 2017, discussed the lease agreement and had no objection to the request.

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 conduct activities that preserves the history of the City of Corona.

FISCAL IMPACT:

Rental income and common area maintenance fees collected for the first year would be approximately \$752.40 and \$516.68, respectively, and will be increased annually by a minimum of 3%.

ENVIRONMENTAL ANALYSIS:

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

SUBMITTED BY: DARRELL TALBERT, CITY MANAGER

EXHIBITS:

1. First Amendment to the City of Corona - Historic Civic Center Lease Agreement (Corona Historic Preservation Society)