



Legislation Text

File #: 18-1627, Version: 1

**AGENDA REPORT
REQUEST FOR CITY COUNCIL ACTION**

DATE: 4/4/2018

TO: Honorable Mayor and City Council Members

FROM: Community Development Department

SUBJECT:

City Council consideration to approve the Fourth Amendment to the City of Corona Historic Civic Center Lease Agreement with the Christian Arts and Theater located at 815 W. Sixth Street, Suite 110.

RECOMMENDED ACTION:

That the City Council approve the Fourth Amendment to the City of Corona Historic Civic Center Lease Agreement with the Christian Arts and Theater and direct the City Manager, or his designee, to execute the agreement and all matters related thereto.

ANALYSIS:

Christian Arts and Theater (CAT) has occupied Suite 110 at the Historic Civic Center since July 16, 2014. Over the years, CAT's lease agreement has been amended three times. The first amendment was approved on November 19, 2014 and provided CAT and the Corona Symphony additional weekly use of the Historic Community Room. The second amendment was approved on August 19, 2015 and provided CAT additional lease space for storage purposes. The third amendment was approved on July 20, 2016 and accommodated the separation of the Corona Symphony from the lease space it shared with CAT. CAT is requesting a reduction in the rent rate which requires a fourth amendment to the lease agreement.

CAT's leased premises consist of Suite 110 (4,015 square feet) and the Auditorium Attic Storage Area (851 square feet). If approved, the rent reduction will only apply to Suite 110.

The table below provides a summary of the request and current lease rate.

CAT Request:	Current lease rate:
Rent Reduction to: <ul style="list-style-type: none"> \$0.55 per square foot Retroactive to January 1, 2018 through July 31, 2019. (\$2,208.25 per month)	Year 1 - \$0.30 (August 1, 2014 to July 31, 2015)
	Year 2 - \$0.40 (August 1, 2015 to July 31, 2016)
	Year 3 - \$0.50 (August 1, 2016 to July 31, 2017)
	Year 4 - \$0.60 (August 1, 2017 to July 31, 2018)
	Year 5 - \$0.70 (August 1, 2018 to July 31, 2019)
	Five Year extension period (through July 31, 2024) rent will be based on the current market rate.
	Tenant Improvement Allowance: up to \$50,000. CAT receives rent credit for each dollar of improvement made to the Leased Premises. CAT has received a rent credit of \$43,247.83.

COMMITTEE ACTION:

The Public Services Committee at its meeting on November 8, 2017 discussed this matter and had no objection.

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:

The Agreement would result in \$8,632.25 less income to the City through July 31, 2019. The table below shows the difference in rental income from the current lease to the proposed amendment.

	Rent Rates	Monthly Income	Income
Current Lease (Jan-July 2018)	\$0.60/ sq. ft.	\$2,409.00	\$16,863
Current Lease (Aug2018-July2019)	\$0.70/ sq. ft.	\$2,810.50	\$33,726
Fourth Amendment	\$0.55/ sq. ft.	\$2,208.25	\$41,956.75
Loss of Income			-\$8,632.25

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.

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. Fourth Amendment to Historic Civic Center Lease Agreement with Christian Arts and Theater.
2. REDLINE Fourth Amendment to Historic Civic Center Lease Agreement with Christian Arts and Theater.
3. Maps of Lease Premises.