



CITY OF LONG BEACH

DEPARTMENT OF PARKS, RECREATION & MARINE



2760 N. Studebaker Road, Long Beach, CA 90815-1697
(562) 570-3100 • FAX (562) 570-3109

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December 17, 2013

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute all necessary documents for a Historic Site Lease with the Rancho Los Cerritos Foundation, Inc., a California nonprofit corporation, for the operation and management of Rancho Los Cerritos Historic Site, located on City-owned property at 4600 Virginia Road. (District 8)

DISCUSSION

The Rancho Los Cerritos Historic Site (Rancho) is an outstanding example of 19th Century ranch life, complete with the characteristic blend of Mexican and American architecture. The site contains a spacious two-story adobe dwelling surrounded by native gardens that tell the story of an earlier era – when ranchos and cattle dotted the Southern California landscape. Once encompassing 27,000 acres, today, the 4.7-acre Rancho offers a rare opportunity for visitors to learn about and experience the history of both Native Americans and early settlers who helped shape California. The Rancho is listed as a historic site on the National Register of Historic Places, and in the Long Beach Municipal Code as a California Historic Landmark.

In 1994, the Rancho Los Cerritos Foundation, Inc. (Foundation), was incorporated as a nonprofit organization to raise funds to augment the City of Long Beach (City) in the operation of the Rancho. In 1996, the City and the Rancho executed Cooperative Agreement No. 24560 (Cooperative Agreement) to formally establish the relationship between the City and the Foundation. The Cooperative Agreement allows the Foundation to develop the full potential of the Rancho as a major community asset, including, but not limited to, restoration, development of new interpretive programming, and the implementation of the City Council-approved Rancho Master Plan. Over the years, the Foundation has raised over six million dollars to improve and restore the Rancho, including funding to support the construction of the newly opened Visitor's Center.

Recently, the Foundation approached the Department of Parks, Recreation and Marine (PRM) to express an interest in expanding their involvement by formally undertaking the day-to-day operations of the Rancho on behalf of the City. By formalizing this relationship under a Historic Site Lease (Lease), the Foundation will be able to direct

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the day-to-day operation and maintenance of the Rancho, build upon fundraising opportunities by having direct responsibility for the enhancement and improvement of the facilities, and play a primary role in ensuring the development of the facilities in concert with the Rancho Master Plan. Most importantly, the Lease will allow the Foundation to expand its role and mission in preserving the Rancho as a historical site for the public enjoyment of the people of the City of Long Beach and the State of California.

All funds raised by the Foundation under the Lease will be dedicated to the support of the Rancho and are intended to augment the annual management and operations fee provided by the City. The management and operation of the Rancho will be in line with the Rancho deed restrictions, retains the name of the Rancho Los Cerritos Historic Site, and keeps the Rancho open to the public. The Parks and Recreation Commission unanimously recommended that the City Council approve the execution of the Lease at its November 14, 2013, meeting. Upon approval and execution of the Lease, the Cooperative Agreement will be terminated.

The City Council, as part of the FY14 Budget Adoption Process, approved \$50,000 in one-time appropriation for assistance in transitioning to the Lease, and as part of the FY13 Budget Adoption Process, approved \$500,000 in one-time appropriation for deferred capital maintenance projects. These amounts would be transferred to the Foundation upon execution of the approved Lease.

The proposed lease for the operation and management of the Rancho will contain the following major terms and provisions:

- Landlord: City of Long Beach, a municipal corporation.
- Tenant: Rancho Los Cerritos Foundation, Inc., a California nonprofit corporation.
- Term: The term of the Lease shall be for 25 years, commencing retroactive to October 1, 2013, and terminating on September 30, 2038, with no renewal options.
- Rent: The Foundation shall pay to the City an annual base rent of one dollar (\$1.00). The Foundation shall be directly responsible for payment of all additional monetary obligations under the Lease, including, but not limited to, personal property taxes, possessory interest taxes, insurance, and utility costs, which shall be deemed to be additional rent for the premises.

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- Operation and Management: The Foundation shall have the exclusive right and obligation to operate, manage, and maintain the Rancho and its furniture, fixtures, and equipment (Rancho Collections) on a day-to-day basis; to program for all activities; and to set appropriate fees and charges for said programs and services. The Foundation shall have the exclusive right to raise funds for the benefit of the Rancho and Rancho Collections. The Foundation will continue to keep the Rancho open to the public, free of charge, a minimum of 20 hours per week.
- Annual Management Fee: The Annual Management Fee for the first year shall be \$470,000. For the first three years, the City shall make best efforts to maintain this level of funding. The City will also strive to provide a Management Fee consistent with the actual cost of operations and maintenance, to the extent possible, based on the City's economic condition.
- Personnel: The Foundation shall hire, manage, and compensate all personnel responsible to support the operation and management of the Rancho.
- Library: The Library shall continue to be maintained and open to the public on an appointment basis.
- City Technology and Furnishings: The City shall donate existing City-owned computers, printers, video equipment, communication infrastructure, and office furniture to the Foundation. The Foundation shall purchase licenses for all computer software, provide Internet access, and provide all communication equipment.
- Utilities: The Foundation shall be responsible for payment of all utilities related to the operation of the Rancho.
- Insurance: The Foundation shall purchase and maintain all applicable insurance and endorsements, as required and approved by the City's Risk Manager.
- Termination Rights: Either party may terminate the lease by providing a minimum of six months prior written notification. In the event that the City is unable to provide sufficient funding for the Annual Management Fee to operate the Rancho, the Foundation may terminate the Lease upon 30 days prior written notice.

This matter was reviewed by Deputy City Attorney Gary J. Anderson and Budget Management Officer Victoria Bell on December 12, 2013.

TIMING CONSIDERATIONS

City Council action is requested on December 17, 2013, in an effort to execute the Lease by December 31, 2013.

FISCAL IMPACT

The City shall pay the Foundation an Annual Management Fee of \$470,000 for the first year of the Lease, from October 1, 2013, through September 30, 2014, reduced by all expenses incurred by the Department of Parks, Recreation and Marine in its operation of the Rancho from October 1, 2013, through the execution of the Lease. A total of \$434,573 is budgeted for FY 14 in the General Fund (GP) in the Parks, Recreation and Marine Department (PR), leaving a funding shortfall of \$35,427, which is the variance between the budgeted amount and the \$470,000 Annual Management Fee.

During FY 14 Budget Adoption on September 3, 2013, the City Council allocated \$2,250,000 in one-time funding, to be divided equally among the nine Council Districts, for parks capital improvement projects and Be Safe youth programs. Council District 8 proposes to use \$35,427 of its FY 14 allocation (\$250,000) to fund the budget shortfall for the first year of the Annual Management Fee. City Council approval is requested to reallocate the \$35,427 of FY 14 one-time funding for this purpose. There is no impact to jobs associated with the recommended action.


SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



GEORGE CHAPJIAN
DIRECTOR OF PARKS, RECREATION AND MARINE



ARA MALOYAN, P.E.
ACTING DIRECTOR OF PUBLIC WORKS

GC:AM:JLR:BL:lh

APPROVED:



PATRICK H. WEST
CITY MANAGER



City of Long Beach Memorandum
Working Together to Serve

REQUEST TO ADD AGENDA ITEM

Date: December 12, 2013
To: Larry Herrera, City Clerk
From: Patrick H. West, City Manager
Subject: Request to Add Agenda Item to Council Agenda of December 17, 2013

Pursuant to Municipal Code Section 2.03.070 [B], the City Councilmembers signing below request that the attached agenda item (due in the City Clerk Department by Friday, 12:00 Noon) be placed on the City Council agenda under New Business via the supplemental agenda.

The agenda title/recommendation for this item reads as follows:

Authorize the City Manager to execute all necessary documents for a Historic Site Lease with the Rancho Los Cerritos Foundation, Inc., a California nonprofit corporation, for the operation and management of Rancho Los Cerritos Historic Site, located on City-owned property at 4600 Virginia Road. (District 8)

Council District	Authorizing Councilmember	Signed by
8	Al Austin	<i>Al Austin</i>
7	James Johnson	<i>W. DeLong for James Johnson</i>
3	Gary DeLong	<i>Anthony Valencia for Gary DeLong</i>

Attachment: Staff Report dated December 17, 2013

CC: Office of the Mayor