



Legislation Text

File #: 14-1006, **Version:** 1

Recommendation to authorize City Manager to execute all documents necessary for Amended and Restated Lease No. 12508 between the City of Long Beach and the Young Men's Christian Association of Greater Long Beach (YMCA), a California nonprofit corporation, for City-owned property at 4949 Atlantic Avenue. (District 8)

On March 3, 1975, the City Council authorized the execution of Lease No. 12508 with the YMCA for approximately 2.2 acres of land at 4949 Atlantic Avenue (Leased Premises) for the establishment and operation of a YMCA recreation and educational facility (Facility). The Leased Premises, bordered by Atlantic Avenue, Del Amo Boulevard and the Union Pacific Railroad tracks (see Attachment), are part of Scherer Park, which stretches south to approximately 46th Street then southwest to Long Beach Boulevard. The use of the Leased Premises by the YMCA is an allowable use under the Park zoning regulations.

The Facility, an approximate 8,300 square foot (SF) building more commonly known as the Fairfield Family YMCA, provides for offices, meeting rooms and recreational spaces, including an in-ground swimming pool, locker rooms, fitness center, ellipticals, treadmills, strength training equipment, a kids club and an after school child-care program. Through their various programs, the YMCA serves the Long Beach community by encouraging better youth development, healthy living and social responsibility. As a nonprofit organization, the YMCA strives to provide services to all members of the local community by providing direct and indirect financial assistance and subsidies for YMCA memberships, child care services, youth sports, youth and government teen programs, day camps and free or reduced fees for use of the Facility by local community groups. In 2012, these community efforts amounted to approximately \$345,000 in assistance to individuals and groups from the local community. The Lease will terminate on March 2, 2015.

In 2013, the YMCA approached City staff to begin discussions and negotiations to extend the term of the Lease in order to continue operations and plan for future capital improvements to the Facility. City staff are amenable to the extension of the Lease term as the YMCA's activities serve to augment the City's programs provided by the Department of Parks, Recreation and Marine.

A proposed Amended and Restated Lease No. 12508 has been negotiated containing the following major terms and provisions:

- **Lessor:** City of Long Beach, a municipal corporation
- **Lessee:** Young Men's Christian Association of Greater Long Beach, a California nonprofit corporation

- Leased Premises: The Leased Premises shall consist of an approximate 2.2 acre parcel of land at 4949 Atlantic Avenue with an existing 8,300 SF building and all surrounding improvements thereon.
- Lease Term: The term of the Lease shall be extended for approximately 20 years through March 31, 2035.
- Options to Extend: The Lessee shall have the unilateral option to further extend the term of the Lease for two additional ten-year terms by providing written notice to the Lessor at least six months, but not more than nine months, prior to the expiration of the then existing term. Lessee shall submit along with said notice, a report from an appropriately licensed third party confirming that the condition of the Leased Premises and separately, the Facility, reflects a Facilities Condition Index of 10% or less.
- Rent: Effective April 1, 2015, the monthly base rent for the building shall be \$0.75 per SF for a total of \$6,225 per month or \$74,700 per year, as based on a market rate assessment conducted by an independent brokerage company. Rent shall be due annually in arrears and shall adjust every five years thereafter based on the five-year change in the consumer price index (CPI). In no event shall the annual rent decrease. In consideration of the financial assistance provided annually to the Long Beach community by the YMCA, the financial assistance may be credited against annual rent due only within the year in which the financial assistance was provided.
- Maintenance and Utilities: Lessee shall be responsible for the repair and maintenance of all improvements on the Leased Premises, including parking and landscaping. Lessee shall also be responsible for payment of all utilities.
- Capital Repairs and Improvements: Lessor shall have no obligation to perform any capital repairs and improvements to the Leased Premises. Lessee, upon approval of Lessor, may perform capital repairs and improvements on Lessor's behalf subject to obtaining all necessary State and Municipal permits and approvals. The cost of capital repairs and improvements may be credited against annual rent due and shall be primary to any credits for community financial assistance. Credits for capital repairs and improvements may be carried from year to year until fully credited.

All other terms and provisions of the agreement shall be updated to reflect current standard language for the lease of City-owned property.

This matter was reviewed by Deputy City Attorney Kendra Carney and by Budget Operations Officer Grace Yoon on November 14, 2014.

City Council action on this matter is requested on December 2, 2014, in order to execute Amended and Restated Lease No. 12508 in a timely manner to formalize the YMCA's continued

occupancy of the Leased Premises for their planning purposes.

As a result of rental credits for capital repairs and improvements on behalf of the Lessor and rental credits for community financial assistance, it is anticipated that there will be no fiscal impact nor local job impact associated with the recommended action. Any future revenues that should arise in the event of a lack of rental credits shall accrue to the General Fund (GP) in the Parks, Recreation and Marine Department (PR).

Approve recommendation.

MICHAEL P. CONWAY
DIRECTOR OF ECONOMIC AND PROPERTY DEVELOPMENT

GEORGE CHAPJIAN
DIRECTOR OF PARKS RECREATION AND MARINE

APPROVED:

PATRICK H. WEST
CITY MANAGER