

# STAFF REPORT

## Lancaster Redevelopment Agency

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MVB

DATE: November 9, 2010

TO: Chairman Parris and Agency Members

FROM: Vern Lawson, Jr., Economic Development/Redevelopment Director

SUBJECT: **Amendment to Sublease with SC Fuels**

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### **Recommendation:**

Authorize the Executive Director or his designee to execute all the necessary documents for an amendment to sublease with SC Fuels. This action is a necessary step to protect existing revenues and to assure that this relationship continues.

### **Fiscal Impact:**

The Lancaster Redevelopment Agency has an agreement with SC Fuels that generates approximately \$350,000 in sales tax per year for the General Fund. The current 10 year contract with 6 years remaining could be terminated with only a 30 day notice. It is prudent to extend this agreement and to add language that would eliminate the short-term termination clause.

### **Background:**

The Agency's opportunity to revisit the terms of this agreement occurred when the firm's real estate arm requested to renegotiate an existing Disposition and Development Agreement (DDA) on 41 acres of property south of Clear Channel Stadium and the Cinemark Complex known as the Front Row Center. The Council is considering this amendment to the DDA under a separate agenda item this evening.

### **Summary:**

These negotiations have taken several months as the transactions have become quite complex. An amended agreement is now being submitted for your consideration. It accomplishes both of our goals and extends the term to eight years from tonight's consideration, resulting in an addition of two years, and eliminates the 30 day cancellation clause. This new contract protects a substantial amount of revenue for the General Fund and continues the Agency's long term relationship with SC Fuels. This agreement also positions Lancaster to be able to benefit when economic activity rebounds. The resulting amended contracts strike a balance and are fair for both parties.

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