

STAFF REPORT
City of Lancaster, California

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Date: November 13, 2007

To: Mayor Hearn and City Council Members

From: Lyle W. Norton, Director, Parks, Recreation and Arts

Subject: **YMCA Lease Extension**

Recommendation:

Approve the extension of Section 1.4 (Term) of the ground lease agreement between the City of Lancaster and YMCA of Metropolitan Los Angeles for an initial period of three (3) years through December 10, 2008 for completion of plans and specifications and December 10, 2010 for completion of construction.

Fiscal Impact:

None.

Background:

In December 2002 the City of Lancaster entered into a ground lease agreement with YMCA of Metropolitan Los Angeles to construct and maintain a 35,000 – 40,000 square foot community YMCA building at Lancaster City Park (LCP) adjacent to the existing Stanley Kleiner Center. The initial term of the lease provided up to three years for the development of the plans and specifications and obtaining all necessary entitlements for the lessee improvements plus up to twenty-four months thereafter for the construction of the improvements. A base term of forty-five years is established for the center to operate at the City park location.

As part of the ground lease, the City agrees to consider proposed extensions of the term which may be made by the lessee at any time during or after the 35th year of the term. The YMCA agrees to bear the sole cost of construction and operation of the facility during the term of the lease. Upon termination of the lease, the lessee improvements shall be owned and shall, without compensation to the YMCA, become the property of the City, free and clear of all liens, claims or encumbrances.

The City has approved the joint use of existing parking at LCP by both parties. The YMCA will have responsibility for all maintenance of the building, grounds and landscaping. The YMCA agrees to pay the City the sum of \$1 per year as annual rent during the term of the lease. In addition to the rent, the YMCA agrees to provide subsidies for the benefit of families and individuals who are unable to pay the full membership fee. Such subsidies shall include partial or full waivers of such fees in an annual amount which will equal \$190,000 by the third year of operation and each year thereafter. The YMCA agrees to continue such subsidies during the base term to the extent of funds available for such purpose.

The YMCA is currently in the process of developing plans and specifications and all necessary entitlements to complete Phase I improvements. Phase I improvements encompass approximately 29,000 square feet and include a cardiovascular exercise room, a community room, children / adult activity rooms, and a swimming pool. Due to delays in funding development, the YMCA has requested a extension to the initial term of the lease.

Summary:

Section 1.4 (Term) of the Ground Lease Agreement, dated December 10, 2002, stated an "Initial Term" of up to three (3) years for the development of the plans and obtaining all necessary entitlements for the Lessee improvements, plus up to twenty-four (24) months thereafter or December 10, 2007 for completed construction of such improvements.

Due to unanticipated project delays, the YMCA has requested an extension to the original lease term outlined above. Initial fundraising efforts fell short of securing the total amount of money required for development and construction of the facility at Lancaster City Park.

Based on this delay City of Lancaster staff and representatives from the YMCA mutually recommend the following: Section 1.4 (Term) is hereby modified to extend the "Initial Term" to six (6) years or December 10, 2008 for the development of the plans and obtaining all necessary entitlements for the Lease Improvements as contemplated in Section 2.1, plus up to twenty-four (24) months thereafter or December 10, 2010 for the completion of the construction of such improvements.

All other sections of the agreement remain as approved in the original agreement.