



Staff Report

File #: REPORT 19-0370, Version: 1

**Honorable Mayor and Members of the Hermosa Beach City Council
Regular Meeting of June 11, 2019**

**APPROVAL OF THE FOURTH AMENDMENT TO THE ROTARY
CLUB LEASE AGREEMENT FOR USE OF THE ROTARY FACILITY
(2521 VALLEY DRIVE) INCLUDING A THREE-MONTH EXTENSION;
AND CREATION OF A CITY COUNCIL MUNICIPAL LEASE
SUBCOMMITTEE TO BEGIN NEGOTIATING WITH THE
ROTARY CLUB FOR FUTURE LEASE AGREEMENTS
(Community Resources Manager Kelly Orta)**

Recommended Action:

Staff recommends that the City Council approve the fourth amendment to the Rotary Club lease agreement including a three-month extension, to expire October 31, 2019.

Executive Summary:

In the early 1950's, the Rotary Club of Hermosa Beach, a local non-profit organization, constructed the current Rotary facility at 2521 Valley Drive at its own expense. The Rotary Club has since managed and maintained the facility, primarily focused on providing a location for various youth organizations to meet on a regular basis. Staff requests a three-month extension to the current lease agreement, to expire October 31, 2019, to allow additional time necessary to align a future, longer-term agreement with the Municipal Lease Policy, which is scheduled for presentation to the City Council at its regular meeting on July 23, 2019.

Background:

In the early 1950's, the Rotary Club of Hermosa Beach, a local non-profit organization, constructed the current Rotary facility at 2521 Valley Drive at its own expense. The Rotary Club has since managed and maintained the facility, primarily focused on providing a location for various youth organizations to meet. In September 2009, the City entered into the most recent formal lease agreement with the Rotary Club for its exclusive use of the facility for a three-year term, expiring July 28, 2012 (**Attachment 1**). A first amendment to this agreement was approved by the City Council at its February 12, 2013 meeting, which included an additional three-year term, expiring July 31, 2015 (**Attachment 2**). A second amendment was approved by the City Council at its July 28, 2015 meeting, extending the agreement to a three-year term through July 31, 2018 (**Attachment 3**). Most recently, a third amendment was approved by the City Council at its February, 26, 2019, which included a one-year term extension, retroactive to July 31, 2018, to expire July 31, 2019 (**Attachment 4**).

Discussion:

The Rotary Club of Hermosa Beach independently manages and maintains the Rotary facility, which hosts private gatherings, meetings, and a variety of youth programming. All proceeds collected through private use of the facility are required to be utilized for building upkeep and maintenance, as described in paragraph 4 of the lease agreement (**Attachment 1**). Following its approval of the third amendment at the February 26, 2019 regular meeting, staff met with Rotary Club representative, Steve Peterson, to begin discussing a longer-term lease agreement past the July 31, 2019 expiration of the current lease agreement. As briefly mentioned by Peterson at the February 26 meeting, the Rotary facility is in need of a full roof replacement, which is estimated at approximately \$17,000. The Rotary Club recently allocated additional funds to provide some relief to the aging roof through a series of patches in multiple locations, but those are not intended to be long-term repairs and a full roof replacement is needed. The Rotary Club has the funding to complete this capital improvement, however, it is hesitant to do so without a longer-term lease commitment from the City. Although staff has met with Peterson to negotiate a longer-term lease past the current agreement expiration of July 31, 2019, it is difficult to do so without having the benefit of aligning it with the Municipal Lease Policy, which is in its final stage of development.

Municipal Lease Policy

Since 2016, the Parks, Recreation and Community Resources Advisory Commission (Commission) has been working on the creation of guidelines to inform a comprehensive municipal lease policy to formalize the use of City facilities by various organizations. The Commission created a Municipal Lease Policy Subcommittee (Commissioners Rosenfeld and Pizer-Mains) specifically tasked with furthering the Commission's efforts in creating parameters for a lease policy that were presented to the City Council at its regular meeting on February 26, 2019. The City Council provided staff with its input on the Subcommittee's recommended guidelines as well as additional items to be included in the final lease policy, which will be presented to the Commission for its input at its regular meeting on July 2, 2019. Staff anticipates presentation of the Municipal Lease Policy to the City Council for formal adoption at its regular meeting on July 23, 2019. The recommended three-month extension of the lease agreement (**Attachment 5**) will allow negotiations of a future agreement with the Rotary Club to align with the newly adopted Municipal Lease Policy.

General Plan Consistency:

This report and associated recommendations have been evaluated for their consistency with the City's General Plan. Relevant policies are listed below:

Parks and Open Space Goal 3. Community parks and facilities encourage social activity and interaction.

- *3.4 - Balance space needs.* Balance the space needs and demand on public resources of formal and informal events.
- *3.6 - Availability of City facilities.* Consider the demand and availability of City facilities for general community use in the long-term lease and/or rental of City facilities.

Fiscal Impact:

Per paragraph 4 of the lease agreement, the Rotary Club of Hermosa Beach would be charged \$0.25 for the three-month extension as its current lease amount is \$1.00 per year.

Attachments:

1. Rotary Club Lease Agreement
2. First Amendment to the Rotary Club Lease Agreement
3. Second Amendment to the Rotary Club Lease Agreement
4. Third Amendment to the Rotary Club Lease Agreement
5. Fourth Amendment to the Rotary Club Lease Agreement

Respectfully Submitted by: Kelly Orta, Community Resources Manager

Noted for Fiscal Impact: Charlotte Newkirk, Accounting Manager

Legal Review: Mike Jenkins, City Attorney

Approved: Suja Lowenthal, City Manager