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DATE: October 20, 2010  
TO: Honorable Mayor and City Councilmembers  
FROM: Economic and Community Development Department  
SUBJECT: **MESA MARGARITA RESOURCE CENTER**

**SYNOPSIS**

Staff recommends that the City Council approve Amendment 3 in the amount of \$21,816 to the lease agreement with R.J. Land Co., L.P., as landlord, for use and operation of the Mesa Margarita Resource Center at 521-B Vandegrift Boulevard for a rent adjustment during Fiscal Year 2010-2011; approve a budget transfer in the amount of \$23,976 from Personnel in Parks and Recreation (offset by an early retirement) to Resource Centers (rent) for rent and common area maintenance charges; and authorize the City Manager to execute the amendment.

**BACKGROUND**

The City has been operating the Mesa Margarita Resource Center from leased space at the Mesa Margarita Shopping Center since 1997. The Resource Center currently occupies 3,600 square feet of space at 521-B Vandegrift Boulevard. Social service and afterschool programs are provided from the Resource Center to the "back gate" neighborhood residents. A front office that is part of the leased space is occupied by a Police Storefront serving the local community.

The original lease has been amended twice. The first amendment occurred in April 2004, and reduced the square footage leased from 4,800 SF to 3,600 SF, extended the term through March 2007 and adjusted the annual rental rates. In April 2007 the lease was amended a second time to extend the term and adjust the rents. The lease as amended in April 2007 expired on March 31, 2010, and the leased space has been occupied since on a month-to-month basis.

As a cost-saving measure during the FY 2010-2011 budget approval process, the Neighborhood Services Department proposed closing the Resource Center and relocating the services and programs provided at this location to other nearby City-owned facilities. Council rejected the proposal and directed staff to identify a source of funding to keep the Resource Center open.

**ANALYSIS**

R.J. Land Co., L.P., had agreed to let the City occupy the lease space rent free on a temporary basis starting February 1, 2010. Staff was able to negotiate a reduction in the amount of rent charged prior to February 2010 for the use of the lease space during Fiscal Year 2010-2011. Rents for this Fiscal year are \$1,818 per month compared to \$3,456 per month prior to February 2010. Common area maintenance (CAM) charges will remain at \$180 per month with all other terms of the lease remaining the same.

The proposed lease amendment provides an option for an additional one-year extension to the term for occupancy of the space during Fiscal Year 2011-2012, provided the City informs the landlord of its intent to exercise the option at least three months prior to the expiration of the term. Should the City exercise the option, the City and landlord would have 30 days to negotiate the minimum rent during the extended term.

**FISCAL IMPACT**

Total rent and CAM charges for Fiscal Year 2010-2011 will be \$23,976 (rent at \$1,818 per month and \$180 per month in CAM charges).

The early retirement of a Recreation Supervisor provides an opportunity to realize a savings in the Parks and Recreation Personnel budget. The funds will be transferred to the Resource Centers account (900876200101.5335) to cover the Fiscal Year 2010-2011 expenditures for rent and CAM charges. There is no plan to fill this position.

The savings in personnel costs is expected to be \$34,797 and represents costs associated with the retired employee's base salary plus benefits from September 9, 2010 through February 28, 2011. The reduction to the Parks & Recreation personnel services account 935937101 is as follows:

935937101.5105	Regular Employees	17,601
935937101.5205.0001	Fringe Benefit - WC	129
935937101.5205.0002	Fringe Benefit Burden	6,246
Total		\$23,976

The personnel costs associated with this position for the period of March 1, 2011 (original anticipated retirement date) through June 30, 2011 were used to realize a budget reduction for Fiscal Year 2010-2011 and are separate from the amount stated above.

Any future funding for the continued lease of the space beyond June 30, 2011, would be approved by the City Council via the budget process.

**COMMISSION OR COMMITTEE REPORT**

Does not apply.

**CITY ATTORNEY'S ANALYSIS**

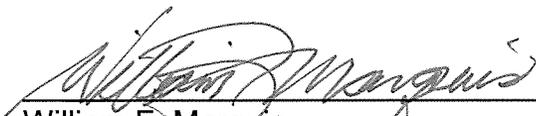
The referenced document as been reviewed by the City Attorney and approved as to form.

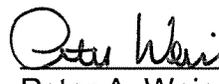
**RECOMMENDATION**

Staff recommends that the City Council approve Amendment 3 in the amount of \$21,816 to the lease agreement with R.J. Land Co., L.P., as landlord, for use and operation of the Mesa Margarita Resource Center at 521-B Vandegrift Boulevard for a rent adjustment during Fiscal Year 2010-2011; approve a budget transfer in the amount of \$23,976 from Personnel in Parks and Recreation (offset by an early retirement) to Resource Centers (rent) for rent and common area maintenance charges; and authorize the City Manager to execute the amendment.

PREPARED BY:

SUBMITTED BY:

  
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William F. Marquis  
Senior Property Agent

  
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Peter A. Weiss  
City Manager

REVIEWED BY:

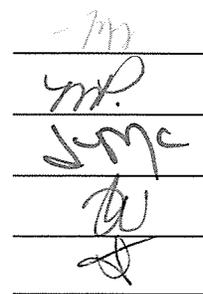
Michelle Skaggs Lawrence, Deputy City Manager

Margery M. Pierce, Neighborhood Services Director

Jane McVey, Economic and Community Development Director

Douglas E. Eddow, Real Property Manager

Teri Ferro, Financial Services Director

  
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