

STAFF REPORT*CITY OF OCEANSIDE*

DATE: November 28, 2012

TO: Honorable Mayor and City Councilmembers

FROM: Property Management Division

SUBJECT: **AMENDMENT 2 TO THE PROPERTY LEASE AGREEMENT WITH THE VETERANS ASSOCIATION OF NORTH COUNTY FOR LEASE OF AN ADDITIONAL 3,500 SQUARE FEET OF THE BUILDING AT 1617 MISSION AVENUE**

SYNOPSIS

Staff recommends that the City Council approve Amendment 2 to the Property Lease Agreement with the Veteran's Association of North County for their lease of City-owned property located at 1617 Mission Avenue, to extend the current terms and conditions that exist with the rear 10,000 square feet of the building to include the front 3,500 square feet of the building, with compensation to the City in the form of programs, services, and activities provided to the veteran community; and authorize the City Manager to execute the amendment.

BACKGROUND

The City currently owns the building and real property at 1617 Mission Avenue, City of Oceanside ("Property"). The Property was the former location of the police station and is currently vacant. The Property underwent Capital Improvement Project improvements in 2010 at a cost of \$1,000,000, retrofitting the entire 13,500 square feet of the building ("Building"), creating 3,500 square feet of office space in the front of the Building. On April 16, 2008 Council approved a Property Lease Agreement ("Agreement") for the rear 10,000 square feet of the Building to the Veteran's Association of North County ("VANC") in a shell condition ("Premises").

On March 14, 2012, Council approved Amendment 1 to the Agreement, allowing VANC's use of the 3,500 square feet of office space in the front of the Building for the sole purpose of conducting job placement classes for veterans. At this time the City has no immediate use for the front 3,500 square feet of the Building. Per VANC's Agreement with the City, VANC has a first right of refusal on leasing the front 3,500 square feet of the Building.

ANALYSIS

VANC is desirous of incorporating the front 3,500 square feet of the Building as part of the Premises, currently leased under Amendment No. 1, into the Agreement. By leasing the front 3,500 square feet of the Building, VANC can operate all VANC operations and programming at the entire Building. VANC will responsible to maintain all common areas including landscaping on the Property.

FISCAL IMPACT

In order to provide free rent and avoid a gift of public funds, the Council needs to make a finding that the programs, services and activities to be provided by VANC constitute the consideration to be paid by the VANC for the use of the Property. The terms of the Agreement require VANC to pay all maintenance and utility costs associated with the Building, Premises and the Property.

The fair market rent for the 3,500 square feet of the Building is estimated to be \$52,500 annually.

INSURANCE REQUIREMENTS

The VANC will be required to maintain the City's standard insurance requirement over the term of the Agreement.

COMMISSION OR COMMITTEE REPORT

Does not apply.

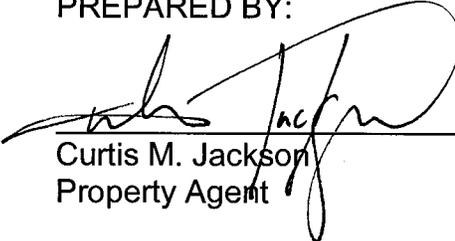
CITY ATTORNEY'S ANALYSIS

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

RECOMMENDATION

Staff recommends that the City Council approve Amendment 2 to the Property Lease Agreement with the Veteran's Association of North County for their lease of City-owned property located at 1617 Mission Avenue, to extend the current terms and conditions that exist with the rear 10,000 square feet of the building to include the front 3,500 square feet of the building, with compensation to the City in the form of programs, services, and activities provided to the veteran community; and authorize the City Manager to execute the amendment.

PREPARED BY:


Curtis M. Jackson
Property Agent

SUBMITTED BY:


Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager



Doug Eddow, Real Property Manager



AMENDMENT NO. 2 TO LEASE AGREEMENT

This Amendment No. 2 to Lease Agreement ("Amendment") is made this 28th day of November 2012, by and between the City of Oceanside ("City") and **Veteran's Association of North County**, a California non-profit corporation, hereinafter called "Lessee."

RECITALS

WHEREAS, City and Lessee entered into that certain Lease Agreement, dated as of April 16, 2008, ("Lease"), for real property located at 1617 Mission Avenue, Oceanside, CA;

WHEREAS, City and Lessee entered into a First Amendment to the Lease, dated as of March 14, 2012, for the temporary use of an additional 3,500 square feet of the Building ("Temporary Use Area") solely and exclusively for programs designed to provide job-placement aid to veterans, hereinafter called ("Amendment No.1"); and

WHEREAS, City is desirous of permanently leasing the additional 3,500 square foot portion of the Building to Lessee for the duration of the term of the original Lease and upon the covenants, conditions and provisions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, the parties hereto agree as follows:

1. SECTION 1: Premises, Subsection 1.02 Premises of the Lease shall be deleted in its entirety and replaced with the following language:
 - 1.02 **Premises.** City hereby leases to Lessee and Lessee hereby leases from City, in accordance with the terms, covenants, conditions and provisions of this Lease, the "Premises," which shall consist of the exclusive use of 13,500 gross square feet of the Building, (as illustrated in Exhibit "A"), existing storage facilities and buildings within the exterior common area, and the non-exclusive use of exterior common area improvements at the Property, including the parking lot, sidewalks, walkways, delivery areas, trash facilities, landscaped areas, access roads, and building common areas as described in section 5.01a.
2. SECTION 1: Premises, Subsection 1.03 Uses of the Lease is hereby amended by deleting the following language:
 - a. It is expressly agreed that the Temporary Use Area is leased to Lessee solely and exclusively for programs designed to provide job-placement aid to

veterans. Lessee shall not use the Temporary Use Area for any other activities described in Subsection 1.03 above.

3. SECTION 5: COMMON AREAS, Subsection 5.02 Use of Common Areas shall be deleted in its entirety and replaced with the following language:
 - a. All maintenance and landscaping on the Property will be handled directly by Lessee. Maintenance of remaining Common Area landscaping between the building and right-of-ways on Mission Avenue and Barnes Street will also be the responsibility of the Lessee.

4. SECTION 8: IMPROVEMENTS/ALTERATIONS AND PERSONAL PROPERTY, Subsection 8.02 Ownership of Improvements and Personal Property shall be deleted in its entirety and replaced with the following language:
 - e. Lessee shall not make any improvements to the Premises of the Building without first obtaining permission from the City in writing.

5. Unless otherwise defined, or the context otherwise indicates, the terms as used herein have the meaning defined in the Lease. The provisions of this Amendment shall control over any inconsistent provisions of the Lease.

6. All provisions in the Lease that are not addressed and amended in this Amendment shall remain in full force and effect, and are hereby ratified and reaffirmed.

7. The individuals executing this Amendment represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Amendment on behalf of the City and Lessee.

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