

**City of Culver City, California
Agenda Item Report**

Meeting Date: 12/05/11		Item Number: <u>C-9</u>	
CITY COUNCIL AGENDA ITEM: Approval of a Memorandum of Understanding/Lease Agreement with the Friends of the Culver City Scout House and the Culver City Rock and Mineral Club, Inc. for the Renovation/Repairs and Leasehold Interests in the Property Located at 10866 Culver Boulevard (the Scout House).			
Contact Person/Dept.: Martin R. Cole, Assistant City Manager		Phone Number: (310) 253-6000	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☐ Date: _____			
Public Notification: (E-Mail) Meetings and Agendas – City Council (12/1/11)			
Department Approval: Martin R. Cole ()		City Attorney Approval: Carol Schwab (by H. Baker) (11/29/11)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (11/30/11)		City Manager Approval: John M. Nachbar (12/1/11)	
<u>RECOMMENDATION:</u> Staff recommends the City Council approve a Memorandum of Understanding/Lease Agreement with the Friends of the Culver City Scout House and the Culver City Rock and Mineral Club, Inc. for the property located at 10866 Culver Boulevard. <u>BACKGROUND:</u> Pursuant to negotiation instructions provided by the City Council, staff has been negotiating with the Friends of the Culver City Scout House (FOCCSH) and the Culver City Rock and Mineral Club, Inc. (CCRMC) regarding a proposal from FOCCSH to raise the necessary funds and complete the required work to renovate the two buildings and restroom located at 10866 Culver Boulevard. In return for the significant costs of completing the restoration work, FOCCSH requested the City enter into a long-term lease with FOCCSH for Building No. 1 (the Scout House). Additionally, FOCCSH also requested the City enter into a long-term lease with CCRMC for Building No. 2 (the CCRMC Workshop). Currently, the City does not have funds identified to complete the renovations to the Scout House. By entering into this public-private partnership with FOCCSH, the Scout House and restroom will be renovated (including any necessary ADA compliance improvements). Upon completion of the work, the Scout House and restroom will be available for use by the City for recreation purposes at times when FOCCSH is not using Building No. 1.			

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DISCUSSION:

After three years of working together, staff, FOCCSH, and CCRMC have reached a tentative agreement with the following terms and conditions:

1. FOCCSH will raise funds (estimated at \$120,000) and complete the work necessary to bring Building No. 1 and the restroom into compliance with current standards.
2. The work shall be completed within six months of the issuance of a notice to proceed by the City. This initial six month period can be extended by up to one additional six month period by the City Manager upon request of FOCCSH.
3. Upon completion of the work, the work shall become the property of the City.
4. FOCCSH and CCRMC are required to obtain and keep in full force and effect appropriate insurance during the term of the Memorandum of Understanding/Lease Agreement. Further, both FOCCSH and CCRMC will indemnify and hold harmless the City.
5. Upon completion of the work and issuance of a Certificate of Occupancy (or similar document), FOCCSH shall then have a non-exclusive leasehold interest in Building No. 1 and the restroom and CCRMC shall have an exclusive leasehold interest in Building No. 2 (because of the unique configuration of Building No. 2, it is unsuitable for general City use).
6. The leasehold interests are for a term of 20 years beginning on the first day of the first month after the Certificate of Occupancy is issued. Upon issuance, the Certificate of Occupancy shall become an exhibit to the Memorandum of Understanding/Lease Agreement.
7. Should the City terminate the FOCCSH leasehold interest before the expiration of 10 years, then the City would pay an early cancellation penalty. Such penalty begins at the amount of the renovation costs and declines by 10% each year of the lease until year 11 of the lease at which time the early cancellation penalty is no longer applicable. The CCRMC leasehold interest may be terminated by either party at any time without penalty with 90 days' notice.
8. During the term of the leasehold interests, the FOCCSH shall bear the costs of maintenance of Building No. 1 and CCRMC shall bear the costs of maintenance of Building No. 2. Maintenance of the Restroom shall be borne

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by CCRMC. FOCCSH and CCRMC shall be jointly responsible to pay for utilities.

9. In return for completing the work at their cost, FOCCSH shall be provided up to 2080 hours of Priority Calendar Use of Building No. 1 on an annual basis. The remainder of the time, Building No. 1 shall be available for City recreational use. FOCCSH and the City will work cooperatively to manage the Master Use Calendar with each party exercising reasonable flexibility to address unforeseen schedule changes. Additionally, at times when FOCCSH may not need to occupy Building No. 1, the parties shall work cooperatively to make that time available for City use.
10. The City and FOCCSH shall meet at least once each year on or before May 1 to agree on the Master Use Calendar.
11. FOCCSH shall be allowed to make Building No. 1 available to other area community youth groups (also referred to as other Scouting related groups) for scouting related purposes.
12. Certain areas within Building No. 1 are designated as Exclusive Use Areas (mostly storage and office space). Such areas shall be for use by FOCCSH only (unless the City obtains permission from FOCCSH to use such areas). As noted above, the entirety of Building No. 2 is for the exclusive use of CCRMC.

FISCAL ANALYSIS:

Approval of the Memorandum of Understanding/Lease Agreement does not have a direct fiscal impact on the City. However, the completion of the renovation to the building (estimated at \$120,000) will be done at the sole cost of FOCCSH, thereby saving the City the costs of renovation. As a result of the renovation, Building No. 1 shall become available to the City for general City recreational purposes, including potential rental as a meeting space, at times when FOCCSH does not have the building booked on the Master Use Calendar.

ATTACHMENTS:

None.

MOTION:

That the City Council:

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1. Approve a Memorandum of Understanding/Lease Agreement by and amongst the City, FOCCSH, and CCRMC; and,
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.