

Carmichael

RECREATION AND
PARK DISTRICT

Memo

To: Advisory Board of Directors

From: Mike Blondino, District Administrator
Ingrid S. Penney, Administrative Services Manager

Date: October 15, 2020

Subject: La Sierra Community Center Leases – Delegation Authority extension

Background:

At the May 21, 2020 Regular Meeting, the Advisory Board voted to support the staff recommendation to request approval from the Board of Supervisors to grant temporary authority to the District Administrator to negotiate and approve short-term retroactive amendments (180 days or less) to leases. These amendments would adjust operating requirements, and/or abate or defer fees and rents payable to the District. Staff submitted your recommendation to the County. On July 28, the Board of Supervisors adopted a Resolution granting such delegation authority to the District Administrator, retroactive to April 1, 2020. The delegation of authority that was approved was for 180 days, so it ended on October 1, 2020.

Since then, the District has worked with the tenants to evaluate requests for assistance. For some there have been short-term retroactive adjustments while for others relief and/or reduction of rent. Currently, all tenants are paying rent.

Discussion:

The global COVID-19 pandemic continues to have a significant negative economic impact to tenants whose revenues are directly tied to ticket and subscription sales, grants and donations, and program service fees. As gathering restrictions continue, tenants like Chautauqua Playhouse are unable to open.

Based on the State and County Health, it will be some time before live theater can resume. Chautauqua hopes to open with a limited run in the new year. In the

meantime, the District forgave rent due from April to September. In October, Chautauqua resumed payment from their reserves at a reduced monthly rent. For the remaining tenants, after deferral/reduction/relief, they are paying monthly rental amounts according to the leases.

After several meetings with their representatives, Staff approached County Counsel to discuss options for Chautauqua and any other tenant that may face challenges meeting their lease obligations now and over the remaining months of the fiscal year. Counsel concurred that requesting an extension of the delegation authority may be the best option now. Staff believes that it allows for flexibility working with the tenants and streamlines the process of taking an item before the Board of Supervisors.

Current Leases executed by the County of Sacramento under delegation authority of the District Administrator:

CMP

- Charter School, including administrative offices and classrooms
- Tenant since June 2011, originally leasing 17,553 square feet from CPRD; now 68,602
- Monthly Lease rent: \$84,209.63
- CRPD in early stages of discussing additional space for hybrid instruction.

Chautauqua Playhouse

- Non-profit, providing adult and children's community theatre
- Tenant since 1985, lent support for the purchase of the La Sierra Community Center by the County of Sacramento for the District.
- Monthly Lease rent: \$2,510.02; currently paying a reduced rate
- Addendum: The Advisory Board originally supported the proposal for rent relief; therefore, the District Administrator would continue to evaluate the impact of future requests and determine the adjustments to the lease retroactive to April 1, 2020.

Sacramento Fine Arts Center

- Non-profit, providing fine art shows, events, and classes
- Tenant since 1985, lent support for the purchase of the La Sierra Community Center by the County of Sacramento for the District.
- Monthly Lease rent: \$2,909.77; paying monthly lease
- Addendum: The Advisory Board originally supported the proposal for rent relief in concept; the District Administrator did and will continue to evaluate the impact of the request and determine the short-term adjustments to the lease retroactive to May 1, 2020. To date: adjustment involved relief from paying rent for May 2020.

Budget and Cash Flow

The FY2020-21 Adopted Budget assumes a reduction in overall lease revenue from initial projections made prior to the pandemic. CRPD reduced the operations budget accordingly by instituting a hiring freeze on regular full-time positions and deferring non-essential discretionary spending to balance the budget.

Since all the tenants were current on their monthly lease payments prior to the COVID-19 pandemic, the District Administrator evaluation of a proposal would continue to be based on consideration of any grants and/or loans that the tenant receives and the impact of the request on CRPD programs and operations.

RECOMMENDATION:

Staff recommends that the Advisory Board approve a recommendation for an extension of delegation authority to June 30, 2021 to the District Administrator of the Carmichael Recreation and Park District, granting temporary authority to approve retroactive amendments to tenant agreements that adjust operating requirements, and/or abate or defer fees and rents payable to Carmichael Recreation and Park District, on the basis recommended, as deemed practicable and necessary, to assist tenants that are suffering material financial losses as a result of the recent Coronavirus (COVID-19) pandemic.