



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: JANUARY 10, 2023

DEPARTMENT: COMMUNITY DEVELOPMENT DEPARTMENT

FROM: MEGAN HUNTER, DIRECTOR

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THROUGH: LISA BRINTON, ASSISTANT DIRECTOR

TITLE: LEASE AGREEMENT WITH THE SALINAS POLICE ACTIVITIES
LEAGUE FOR THE SALINAS ARMORY BUILDING AT 100
HOWARD STREET

RECOMMENDED MOTION:

It is recommended that the City Council approve the attached resolution authorizing

- 1) the City Manager to execute the 2023 Lease Agreement with the Salinas Police Activities League Inc. for use and occupancy of the Salinas Armory Building; and
- 2) the Mayor to execute a Memorandum of Lease for the purpose of recording the 2023 Lease Agreement.

EXECUTIVE SUMMARY:

In June 2011, the City entered into a Lease Agreement with the Police Activities League (PAL) to use the Salinas Armory Building to provide recreational and other service programs to youth and members of the community. The Lease Agreement terminated on June 20, 2022, and PAL has continued to use and occupy the Armory Building on a month-to-month basis. PAL wishes to renew the Lease Agreement for an additional term of ten (10) years with a five (5) year option to extend, subject to negotiations. In lieu of rent payment, PAL will complete identified capital improvements at an estimated cost of at least \$749,946 during the Lease term. PAL will continue to utilize the building for the purpose of providing recreational and other service programs to youth and members of the community.

BACKGROUND:

Facility Description and Use

In August of 2005, the City purchased the Salinas Armory Building located at 100 Howard Street, from the State of California (Property). The land area of the Property is approximately 37,600 square feet. Property improvements include interior space of approximately 18,500 square feet, featuring a small stage, two large open space areas, offices, and an upper balcony seating area.

The City acquired the Property with the intent to develop it as a police station. The original legislative enactment authorizing the conveyance specifically mentions the facility's future use as a police station, rather than more general community purposes. However, the City encountered numerous obstacles in the development of the Property as a police station, including the presence of asbestos, mold, and other potential environmental hazards. Due to the original Property conveyance language restricting the City's use of the Property for a police station, a legislative change was required.

In June of 2010, State Assembly Member Anna Caballero authored AB 815. This legislation successfully passed the State Legislature in August 2010 and was signed by then Governor Arnold Schwarzenegger in September, thus removing the restrictive language. The legislation took effect on January 1, 2011 and allows the Property to be used as a government-owned facility for public benefit.

Original Lease

The City was approached in April 2010 by the Salinas Police Activities League Inc. (PAL) with a request that they be allowed to utilize the Property for the home of its Salinas Program. On June 21, 2011, City Council approved a Lease with PAL to use and occupy the Property commencing on June 21, 2012 and terminating on June 20, 2022 (Original Lease). Under the terms of the Original Lease PAL compensated the City \$1 per year; however, they were also responsible for remediating environmental hazards and for the cost of the renovating the Armory. PAL has successfully remediated the immediate hazards at the Armory and continues to maintain the property and make capital improvements.

Surplus Land Act Compliance

Since entering into the Original Lease, the state has updated the Surplus Lands Act. New requirements, effective January 1, 2020, include declaring a leased property as surplus land if the term of the agreement is five (5) years or more. On October 27, 2020, following the requirements of the Surplus Lands Act, the City Council declared the Property surplus and staff sent out a Notice of Availability to all entities as required by the Surplus Lands Act. No Letters of Interest to acquire the Property for affordable housing were received; therefore, the City is allowed to enter into a lease agreement exceeding five (5) years for public benefit.

DISCUSSION:

Salinas PAL wishes to renew the Original Lease for an additional term of ten (10) years with a five (5) year option to extend, subject to negotiations. PAL will continue to utilize the building for the purpose of providing recreational and other service programs to youth and members of the community. Other provisions in 2023 Lease Agreement include the following.

- 1) Acknowledgement that PAL accepts the Property "as-is".
- 2) In lieu of paying rent PAL is to make capital improvements to the Property within a set timeframe as listed on section 3. Rent of the Lease Agreement provided as "Exhibit A" to the Resolution, attached to this report. A Facility Condition Assessment (November 5, 2021), provided as Attachment 2 to this report, estimated the total cost of identified capital

improvements to be \$749,946. Due to the increase in construction, it is assumed that number has substantially increased to an unknown amount.

- 3) PAL shall allow the City to use the Property no more than eight (8) times per calendar year, with no facility rental charge.
- 4) PAL shall be responsible for payment of annual property taxes, estimated to be \$4,957.16 per year.
- 5) City may terminate this Lease Agreement if PAL fails to perform or comply with any lease terms or conditions.

CEQA CONSIDERATION:

The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

The proposed 2023 Lease Agreement primarily relates to the City's goals of Infrastructure and Environmental Sustainability and Youth and Seniors. The improvement and revitalization of the Property to be made during the Lease term is a substantial investment in a city facility that is to be used for community benefit and provides diverse recreational and community event opportunities for youth and seniors through the various programs that PAL offers free of charge.

DEPARTMENTAL COORDINATION:

The Community Development Department's Economic Development Division worked with the Legal Department and the Public Works Department to prepare the Lease Agreement with PAL.

FISCAL AND SUSTAINABILITY IMPACT:

There is no direct or indirect impact to the General Fund. Staff time associated with the preparation of this item is already incorporated into the 2022-2023 Budget. Currently, the City does not have any funding to undertake required capital improvement and ongoing maintenance of the Property. Under the 2023 Lease Agreement, in-lieu of paying rent, PAL is responsible for making identified

capital improvements that are estimated to cost well over \$749,946. Property taxes will also be paid for by PAL. PAL will continue to provide a recreation opportunities and community programs and events for youth at no expense to the City.

ATTACHMENTS:

1. Resolution authorizing execution of Lease Agreement with PAL
 - a. Exhibit "A" - Lease Agreement
2. Facility Condition Assessment (November 5, 2021)