



Meeting Date: 1/10/2012

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: William E. Wilkins  Agenda Item No. I-8

Reviewed By: City Manager _____ City Attorney  Finance  Other (Specify) _____

DATE: December 27, 2011

TO: Mayor & City Council
Housing Authority Commission

FROM: William E. Wilkins, Housing Director
Housing Department 

James Cameron, Chief Financial Officer
Finance Department

SUBJECT: Colonia Multi-Service Center Building Lease

RECOMMENDATION

1. That City Council approve and authorize the City Manager to execute a Third Amendment to the Multi-Service Center Building Lease 2005 by and between the City of Oxnard ("Lessor") and the Housing Authority of the City of Oxnard ("Housing Authority").
2. That the Housing Authority Commission approve and authorize the Housing Director to execute a Third Amendment to the Multi-Service Center Building Lease 2005 by and between the City of Oxnard ("Lessor") and the Housing Authority of the City of Oxnard, ("Housing Authority").

DISCUSSION

Background:

The City's Multi-Service Center, located at 1500 Camino del Sol was originally leased to the Housing Authority on July 19, 1994, to assist the Housing Authority in obtaining a \$1 million HUD grant to implement a Family Investment Center (FIC). The FIC was a five-year program, which was successful in bringing self-sufficiency training, including trades apprenticeship training, job training, and supportive services to residents of public housing. When the grant term ended, the Housing Authority continued the program, at a reduced level, and a new lease was initiated on July 1, 2001. Upon completion of the 2001 lease a new lease was initiated on July 1, 2005.

The Multi-Service Center has rent paying tenants, but has never generated enough rental income to support operating costs. Over the past 10 years the City and Housing Authority staff has continually analyzed the projected operating costs in comparison with the revenues received for the Multi-Service Center. The last Fiscal Year (2010-2011); the annual operating deficit for the Multi-Service Center was \$162,983.16 and the City was able to cover the gap with general funds appropriated in the previous fiscal year. It is important to note the expenses for the Multi-Service Center are substantial. They include: interior and exterior building costs, such as grounds keeping, roofing, plumbing, electrical, heating, air conditioning, as well as any expenses associated with maintaining a safe structure.

While the Third Amendment continues the previous leasing arrangement, it will be at a reduced level of financial support. Housing Authority staff has projected a "bare bones budget," this would enable the City to reduce support by approximately 51 percent or \$82,983. As such, a \$80,000 subsidy during the next two Fiscal Years, (2011-2013), would ensure the continued operation of the Multi-Service Center.

Service:

The Multi-Service Center is a tremendous asset to the La Colonia community and surrounding neighborhoods. For more than 17 years, the Multi-Service Center has provided an operational base for the Resident Services Programs that serve the public housing residents. Resources and services provided include, a computer lab with 13 computers, Barrio Production Media, apprenticeship classes, build your own computer instruction, Teen Parent College Entry Program in partnership with Oxnard College, afterschool tutoring and youth activities program, a daily Kid's Café and monthly Food Share distribution. It also provides post-employment follow up and support, and recently began providing services to network the Housing Authority's Section 8 Self-Sufficiency Program participants.

Tenants located at the Multi-Service Center include: Child Development Resources (CDR) Head Start Program, Child Development Incorporated (CDI) La Escuelita, City impact, Promotras & Promotores Foundation and the City of Oxnard Colonia Library branch.

FINANCIAL IMPACT

The Third Amendment continues the previous leasing arrangement at a reduced level of financial support. In order to continue operation of the Service Center the following financial adjustments will be made: two staff members will be transferred to other divisions, oversight responsibilities will be given to a supervisor, and the resident services staff will manage the building. Funds from the city will be used to pay utilities and make any necessary repairs. Housing Authority staff has determined that they will be able to operate the Colonia Service-Center with a 51 percent reduction of the City's financial support or \$82,983. The \$80,000 subsidy from the City during the next two Fiscal Years, (2011-2013), would ensure the continued operation of the Multi-Service Center.

The Housing Authority will pay the sum of \$1.00 per year for the use and occupancy of the Premises.

Attachment #1 – Multi-Service Center Building Lease 2005, A-5968

Attachment #2 – Third Amendment Extending Colonia Multi Service Center Lease

COLONIA MULTI-SERVICE CENTER BUILDING LEASE
2005

This Colonia Multi-Service Center Building Lease ("Lease") is entered into effective the 1st day of July 2005, by and between the City of Oxnard ("Lessor") and the Housing Authority of the City of Oxnard, ("Lessee"), for use of property located at 1500 Camino de Sol, Oxnard, California, upon the following terms and conditions:

1. DESCRIPTION OF PROPERTY; MATERIAL FACTS

a. Lessor hereby leases to Lessee the exclusive use of an approximate 17,682 square foot building located at 1500 Camino Del Sol in Oxnard, California ("Premises"). This Lease renews the tenancy of Lessee which commenced under a lease dated July 19, 1994 and has continued under a lease dated July 1, 2001 and an extension thereof ("Prior Leases"). Presently, the Premises are occupied by Lessee and by subtenants of Lessee. Most of Lessee's subtenants are public service organizations, providing support for the community and Housing Authority public housing tenants. Lessor and Lessee acknowledge that the subtenants presently occupying the Premises are providing public service to the residents of Oxnard.

b. Lessee has previously operated the Premises on a deficit basis. Lessee has throughout the term of the Prior Lease funded the operating deficit with a federal grant. The grant has been exhausted. Lessor and Lessee have each analyzed and projected the annual operating costs of the Premises, and compared such projected costs to the revenue currently received by Lessee for operating the Premises. Lessee projects that on an annual basis the Premises will operate during the first year of the term of this Lease at a deficit of approximately \$150,500, which deficit will increase as the cost of providing essential services to the Premises increases.

c. Lessor and Lessee desire that Lessee continue to operate the Premises and that the subtenants presently or in the future occupying the Premises continue to provide services to the community. Lessor and Lessee have determined that the most economical and effective method to operate the Premises is by execution of this Lease.

2. TERM

The term of this Lease shall commence on July 1, 2005 and shall continue thereafter until June 30, 2007, unless sooner terminated pursuant to the provisions of this Lease, or in accordance with law. This Lease may be extended for two additional two-year terms by a written agreement executed by the City Manager and the Housing Director.

3. USE

The Premises shall be used for the following specified purposes and shall not be used for any other purpose without the prior written consent of the City Manager: office space, library purposes, child care purposes, after school programs, job and training programs, welfare to work programs and other public service programs operated by either Lessee or subtenants.

4. RENT

Lessee agrees to pay to Lessor as rent for the use and occupancy of the Premises the sum of \$1.00 per year. Lessor hereby acknowledges receipt of rent for the entire Lease term.

5. IMPROVEMENTS

a. Lessee shall not make, or permit to be made, any material alteration to the Premises, or any part thereof, without the prior written consent of the City Manager. The City Manager will not unreasonably withhold consent to any request by Lessee to make reasonable improvements to the Premises. Lessee will not make material changes to the signs identifying the Premises without written consent of the City Manager.

b. Any improvements placed or constructed upon the Premises shall be at the sole expense of Lessee. Any addition to or alteration of the Premises, except movable furniture and trade fixtures, shall become a part of the realty and belong to Lessor.

c. Lessee shall, at Lessee's sole expense, provide and maintain any special equipment used by Lessee and make any installation, alteration or improvement required by law or by any governmental authority by reason of Lessee's use of the Premises.

6. MECHANIC'S LIENS

Lessee shall maintain the Premises free from any lien arising out of any work performed on the Premises, for material and labor furnished to the Premises, or for any obligation incurred by Lessee.

7. INDEMNITY

Lessee agrees to indemnify, hold harmless and defend Lessor, its City Council and each member thereof, and every officer and employee of Lessor, from any and all liability, damages (whether in

contract or tort, including personal injury, death at any time, or property damage), costs and financial loss, including all costs and expenses of litigation or arbitration, that result or are claimed to have resulted directly or indirectly from the wrongful or negligent acts or omissions of Lessee or its officers, employees, agents, subcontractors, or subtenants while they are performing under this Lease, or from the use of the Premises by Lessee or its officers, employees, agents, subcontractors, or subtenants except in cases of wrongful acts or sole negligence on the part of Lessor, its officers, employees, agents or subcontractors.

8. UPKEEP OF PREMISES: MAINTENANCE AND REPAIR

a. Lessee accepts the Premises "as is", and agrees, at Lessee's sole expense (with the use of the operating subsidy described below), to maintain the Premises and the landscaping immediately surrounding the Premises in neat and clean order and in a condition free from debris and accumulations of waste and fire hazards. Lessee, at its own expense (with the use of the "operating subsidy" described below), shall maintain and make all necessary repairs to the Premises, except as otherwise provided below.

b. Lessee shall maintain on a routine basis air conditioning, heating and ventilation systems, however, Lessee shall not be responsible for repair or replacement of major system components.

c. Lessor shall be responsible for replacement and repair of all exterior utility lines, such as gas, electric, water and sewer lines servicing the Premises. Lessor shall be responsible for maintenance, repair, and lighting of the parking facilities adjacent to and servicing the Premises.

d. Lessee shall be liable for the costs of any repairs to the Premises that may be necessary due to Lessee's acts or omissions.

e. Lessee agrees that on the last day of the Lease term or upon early termination of this Lease, Lessee will surrender to Lessor the Premises and appurtenances in the same condition as received, less reasonable use and wear.

f. If Lessee shall fail to perform its duty of maintenance or repair hereunder, Lessor may, following thirty days (30) written notice to Lessee, perform or cause to be performed the maintenance or repair obligations of Lessee hereunder at Lessee's expense.

9. OPERATING SUBSIDY

a. Lessor shall pay to Lessee an operating subsidy of \$150,500 during the first year of the term of this Lease. Thereafter, the operating subsidy shall be adjusted according to the

"CPI" as follows: The annual operating subsidy adjustment shall be based on the CPI and shall first be effective July 1, 2006 and on July 1 of each subsequent year during the term of this Lease including all extensions. The operating subsidy shall be increased or decreased on July 1 of each year by the same percentage as the percentage increase or decrease in the CPI for the year immediately preceding such July 1 date (averaged for the year) compared to the year next preceding such July 1 date (averaged for the year). "CPI" means the Consumer Price Index, which is based on all urban consumers for the Los Angeles, Riverside, Orange County Metropolitan Area, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

b. The operating subsidy together with all revenues received by Lessee from subtenants and from Lessee's own programs for occupancy of the Premises shall be used only to defray the reasonable and appropriate expenses of operating the Premises, including direct expenses and administrative expenses. Lessee shall provide to Lessor, within 90 days of the end of each year of the term of this Lease, a summary of expenses paid for the Lease year and revenues received. To the extent that revenues exceed expenses, the revenues shall be offset against the operating subsidy for the following year of the Lease term; provided, however, that Lessee shall be allowed to maintain an operating reserve equal to 8% of the previous year's operating expenses. If at the end of the Lease term, there is an excess of revenue over expenses and/or there remains any operating reserve, Lessee shall pay such excess, as well as the operating reserve, to Lessor.

c. The operating subsidy shall be prorated and paid on a monthly basis, so that 1/12 of the subsidy shall be paid each month. During the first year of the Lease, the monthly payment amount shall be \$12,542. Payment shall be made to the Housing Director or designee on the first day of the month, commencing with July 1, 2005.

10. INSURANCE

Lessee shall obtain and maintain during the performance of any services under this Lease the insurance coverages as specified in Exhibit INS-N, attached hereto and incorporated herein by this reference, issued by a company satisfactory to the Risk Manager, unless the Risk Manager waives, in writing, the requirement that Lessee obtain and maintain such insurance coverages.

a. Lessee shall, prior to performance of any services, file with the Risk Manager evidence of insurance coverage as specified in Exhibit INS-N. Evidence of insurance coverage shall be forwarded to the Risk Manager, addressed as specified in Exhibit INS-N.

b. Maintenance of proper insurance coverages by Lessee is a material element of this

c. Lease. Lessee's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Lease.

11. FIRE INSURANCE

The maintenance of fire and extended coverage casualty insurance on the Premises and the improvements therein leased (except fixtures, appliances, equipment and any other items brought into the Premises by Lessee) shall be the responsibility of Lessor. Following Lessor's notice to Lessee thereof, Lessee shall not permit acts to be done upon the Premises or uses to be made thereof which will increase the existing rate of fire or extended coverage insurance on the Premises or any part thereof.

12. ASSIGNMENT -- SUBLETTING

Lessee may sublet all or any part of the Premises to any person or entity, so long as the "Use" provisions of Paragraph 3 herein above are not violated. Any subletting or assignment which would otherwise violate the "Use" provisions shall require the prior written consent of the City Manager. The City Manager's consent to any assignment, subletting, occupation or use by another person or entity shall not be deemed to be a consent to any subsequent assignment, subletting, or grant of permission for use.

13. UTILITIES

a. Lessee shall pay for and supply to the Premises all electricity, natural gas, water, wastewater, solid waste, cable television, and other utility services.

b. Lessee shall provide, at its own expense, telephone service and any other necessary or convenient service which Lessee may require.

14. TAXES AND INSURANCE

If any activities carried on by Lessee or Lessee's subtenants at the Premises result in the imposition of property or possessory interest taxes, Lessee shall be responsible for the payment of such taxes.

15. WASTE; QUIET CONDUCT

Lessee shall not permit, or suffer to be committed, any waste upon the Premises, or any nuisance or act which may disturb the quiet enjoyment of any other lessee in the Premises.

16. PARKING

Lessee and Lessee's employees, agents and invitees shall have the right with other users to use the parking facilities appurtenant to the Premises.

17. ENTRY BY LESSOR

Lessee shall permit Lessor, its agents or employees to enter into and upon the Premises at all reasonable times for the purpose of inspections or making repairs, alterations or additions to any portion of the Premises which Lessor is required to make without any rebate or liability to Lessee for any loss of occupation or quiet enjoyment of the Premises occasioned thereby. Lessor agrees that such right of entry shall not be exercised in such a manner as to unreasonably interfere with any business conducted by Lessee or Lessee's subtenants on the Premises.

18. WAIVER

A waiver by Lessor of any default by Lessee in the performance of any covenant, term or condition of the Lease shall not constitute or be deemed a waiver of any subsequent or other default. The subsequent acceptance of the monthly payment hereunder by Lessor shall not be deemed to be a waiver of any preceding breach or default by Lessee regardless of Lessor's knowledge of such preceding breach or default at the time of acceptance of such payment.

19. NOTICES

Except as otherwise provided, any communication between Lessor and Lessee and notices provided herein are to be given in writing or made by mailing:

To Lessee: Salvador Gonzalez, Housing Director
c/o Oxnard Housing Authority
435 S. D Street
Oxnard, California 93030

To Lessor: Edmund F. Sotelo, City Manager
300 West Third Street, Suite 400
Oxnard, California 93030

20. GOVERNING LAW

Lessor and Lessee agree that the construction and interpretation of this Lease and the rights and duties of Lessor and Lessee hereunder shall be governed by the laws of the State of California.

21. FRUSTRATION OF PURPOSE

At any time during the term of this Lease, if the governing body of any political subdivision having competent jurisdiction over the Premises should enact any valid zoning ordinance, law or regulation which prohibits the use of the whole or a substantial part of the Premises for the purposes as provided in this Lease, Lessee or Lessor may elect, within one hundred twenty (120) days after the effective date of such ordinance, law or regulation, to cancel this Lease and surrender possession of the Premises. Any such cancellation and surrender shall act to release and discharge Lessee or Lessor from any further obligation under this Lease.

22. SEVERABILITY

Lessor and Lessee agree that the invalidity in whole or in part of any provision of this Lease shall not void or affect the validity of any other provision.

23. SUCCESSORS AND ASSIGNS

Lessor and Lessee agree that this Lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of Lessor and Lessee.

24. TIME OF ESSENCE

Lessor and Lessee agrees that time is of the essence in regard to performance of any of the terms or condition of this Lease.

25. CONDEMNATION

In case the whole of the Premises or such part thereof as shall substantially interfere with Lessee's use and occupancy thereof, shall be taken by any lawful power or authority by exercise of the right of eminent domain, or sold to prevent such taking, either Lessee or Lessor may terminate this Lease effective as of the date possession is required to be surrendered to such authority. Lessee shall not, because of such taking, assert any claim against Lessor or the taking authority for any compensation because of such taking, and Lessor shall be entitled to receive the entire amount of any award without deduction for any estate or interest of Lessor except as provided below. In the event the amount of the Premises or the type of estate taken shall not substantially interfere with the conduct of Lessee's business, Lessor shall still be entitled to the entire amount of the award without deduction for any estate or interest of Lessee. In such event, Lessor shall promptly proceed to restore the Premises to substantially their condition prior to such partial taking. This clause shall not be construed to prevent subtenants from making a claim to any amount of compensation in connection with the exercise of the power of eminent domain.

26. ENTIRE AGREEMENT

Lessor and Lessee agree that this Lease constitutes the entire agreement of the parties and supersedes all prior communications, agreements and promises either oral or written. Lessor and Lessee agree that the terms and conditions of this Lease may be reviewed or modified at any time. Any modifications to this Lease, however, shall be effective only when agreed to in writing by both Lessor and Lessee.

CITY OF OXNARD

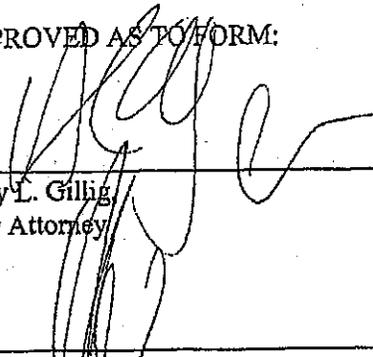
HOUSING AUTHORITY OF THE
CITY OF OXNARD

Edmund F. Sotelo
City Manager

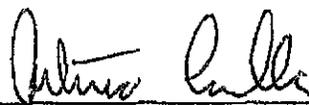
Salvador Gonzalez
Housing Director

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:



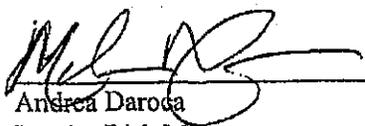
Gary L. Gillig
City Attorney



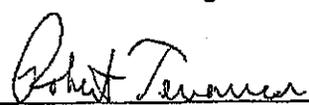
Arturo Casillas,
Housing Programs Manager

Alan Holmberg
Deputy General Counsel,
Housing Authority of the City of Oxnard

APPROVED AS TO INSURANCE:



Andrea Daroca
Interim Risk Manager



For Carrie Sabatini
Housing Financial Officer

AMENDMENT EXTENDING COLONIA MULTI-SERVICE CENTER LEASE

This Amendment Extending Colonia Multi-Service Center Building Lease, ("Lease") made and entered into effective July 1, 2007, in the County of Ventura, State of California, amends the Colonia Multi-Service Center Building Lease 2005 ("Lease") entered into July 1, 2005, by and between the Housing Authority of the City of Oxnard ("Lessee") and The City of Oxnard ("Lessor").

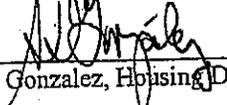
The Lease is amended as follows:

1. Pursuant to Section 2 ("Term") Lessee and Lessor hereby extend this Lease for two years.

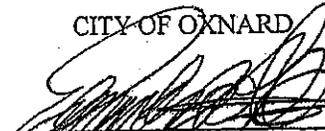
This Lease shall expire on June 30, 2009.

2. Except as hereby amended, the Lease remains in full force and effect.

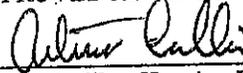
HOUSING AUTHORITY OF
THE CITY OF OXNARD


Sal Gonzalez, Housing Director

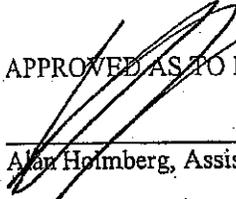
CITY OF OXNARD


Edmund F. Setelo, City Manager

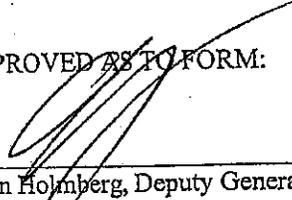
APPROVED AS TO CONTENT:


Arturo Casillas, Housing Programs Manager

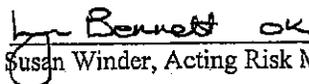
APPROVED AS TO FORM:


Alan Holmberg, Assistant City Attorney

APPROVED AS TO FORM:


Alan Holmberg, Deputy General Council

APPROVED AS TO INSURANCE:


Susan Winder, Acting Risk Manager

APPROVED AS TO INSURANCE:


Carrie M. Sabatini
Administrative Service Manager

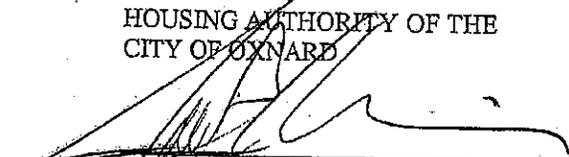
SECOND AMENDMENT EXTENDING COLONIA MULTI-SERVICE CENTER LEASE

This Second Amendment Extending Colonia Multi-Service Center Building Lease, ("Lease") is made and entered into effective July 1, 2009, in the County of Ventura, State of California, amends the Colonia Multi-Service Center Building Lease 2005 ("Lease") entered into July 1, 2005, by and between the Housing Authority of the City of Oxnard ("Lessee") and the City of Oxnard ("Lessor"). The Lease previously has been amended by an "Amendment Extending Colonia Multi-Service Center Lease" effective July 1, 2007.

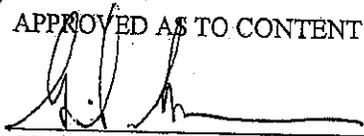
The Lease is amended as follows:

1. Pursuant to Section 2 ("Term") Lessee and Lessor hereby extend this Lease for two years. This is the second two year extension.
2. This Lease shall expire on June 30, 2011.
3. Except as hereby amended, the Lease remains in full force and effect.

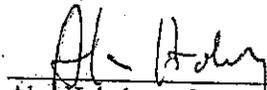
HOUSING AUTHORITY OF THE CITY OF OXNARD


William E. Wilkins, Housing Director

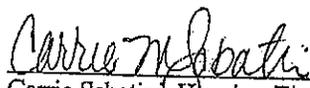
APPROVED AS TO CONTENT:


Gil Guevara, Resident Services Coordinator

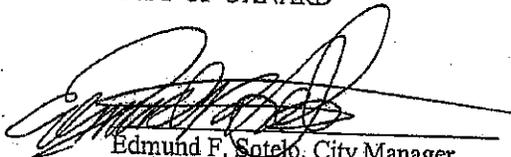
APPROVED AS TO FORM:


Alan Holmberg, General Counsel

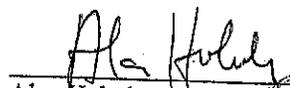
APPROVED AS TO INSURANCE:


Carrie Sabatini, Housing Finance Officer
Administrative Service Manager

CITY OF OXNARD


Edmund F. Sotelo, City Manager

APPROVED AS TO FORM:


Alan Holmberg, City Attorney

APPROVED AS TO INSURANCE:


James Cameron, Risk Manager

THIRD AMENDMENT EXTENDING COLONIA MULTI-SERVICE CENTER LEASE

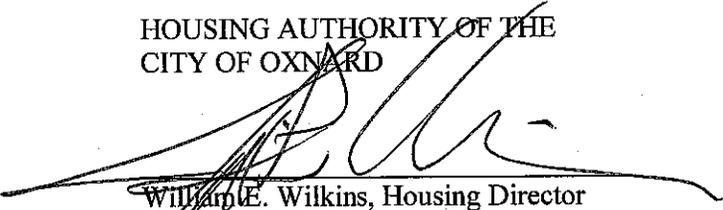
This Third Amendment Extending Colonia Multi-Service Center Building Lease, ("Lease") is made and entered into effective July 1, 2011 in the County of Ventura, State of California, amends the Colonia Multi-Service Center Building Lease 2005 ("Lease") entered into July 1, 2005, by and between the Housing Authority of the City of Oxnard ("Lessee") and the City of Oxnard ("Lessor"). The Lease previously has been amended by an "Amendment Extending Colonia Multi-Service Center Lease" effective July 1, 2007, and a Second Amendment effective July 1, 2009.

The Lease is amended as follows:

1. In the second sentence of Section 2 of the Lease, the term "two additional" is deleted and replaced with the term "three additional". Pursuant to Section 2 ("Term") as do amended Lessee and Lessor hereby extend this Lease for two years. This is the third two year extension.
2. This Lease shall expire on June 30, 2013.
3. In Section 9 of the Lease, Subsection "d" is added to read as follows: "Notwithstanding any provision of this lease to the contrary, commencing July 1, 2011, the operating subsidy shall be \$80,000 and shall not be subject to adjustment."
4. Except as hereby amended, the Lease remains in full force and effect.

HOUSING AUTHORITY OF THE
CITY OF OXNARD

CITY OF OXNARD

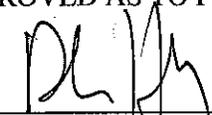

William E. Wilkins, Housing Director

Edmund F. Sotelo, City Manager

APPROVED AS TO CONTENT:

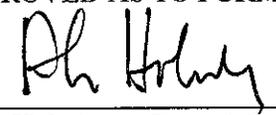
APPROVED AS TO FORM:


Rose Bafuelos, Resident Services Coordinator


Alan Holmberg, City Attorney

APPROVED AS TO FORM:

APPROVED AS TO INSURANCE:


Alan Holmberg, General Counsel


James Cameron, Risk Manager

APPROVED AS TO INSURANCE:


Carrie Sabatini, Housing Finance Officer
Administrative Service Manager