TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES

DATE: NOVEMBER 3, 2008 CMR: 425:08

REPORT TYPE: PUBLIC HEARING

SUBJECT: Approval of Lease Agreement with the Palo Alto Lawn Bowls Club, Inc. for City-Owned Property Located at 474 Embarcadero Road

RECOMMENDATION
Staff recommends that Council approve the attached five-year lease agreement between the Palo Alto Lawn Bowls Club, Inc. (Tenant) and the City of Palo Alto (City) for the Palo Alto Lawn Bowl facility at 474 Embarcadero Road.

BACKGROUND
On April 14, 1964, Council approved the first 10-year lease with the Palo Alto Lawn Bowls Club (Club) for the lawn bowl facility located at 474 Embarcadero Road. On January 14, 1974, Council approved a $30,000 expansion of the Bowling Green Clubhouse. The project was financed by three participating agencies: the City, Lucie Stern Foundation, and the Club, with each providing one-third of the project costs. On April 18, 1974, Council approved a new ten-year lease for the lawn bowl facility. Historically, the Club has leased only the Clubhouse, not the bowling green.

Between 1984 and 1990, due to pending development of the adjacent Gamble property which might have affected the lawn bowl facility, the City and the Lawn Bowls Club entered into a series of one-year leases. On February 7, 1991, Council approved a ten-year lease agreement with an option to extend an additional five years for the lawn bowl facility. On March 1, 2000, the Lawn Bowls Club exercised its option for an additional five years. On March 1, 2005, the City and Lawn Bowls Club agreed to a month-to-month holdover pending negotiation of a new lease.
DISCUSSION
The terms of the proposed lease are summarized in Attachment A. The provisions of the lease are consistent with those of the current and previous leases with the exception of the term, monetary rent and some changes to the conditions of use. The term of the proposed lease is 5 years with a 2 year option to renew rather than 10 years as in previous leases, and the proposed lease requires an annual rent of $6,000 in contrast to previous leases which were rent-free.

Due to the increased cost of staffing and landscape maintenance of the adjacent bowling green, the City has requested that the Club pay a nominal rent for use of the facility. In order to determine the impact of the new rental stipulation, the Club has requested a shorter five-year lease with an option to extend for an additional two years. Under the agreement with the City, the Club continues to be responsible for routine maintenance of the clubhouse. While the City is responsible for major building and infrastructure repairs, historically the Club has invested and donated its own funds, in-kind contributions and volunteer help towards this maintenance obligation. Last year, the Club provided nearly $10,000 of in-kind and volunteer driven improvements including cleaning and maintenance of the clubhouse, replacement of carpeting and furnishings, and supplemental maintenance of the outdoor benches, plantings and edging. In addition, the Club has recently purchased a sign, at their cost, which will be installed later this year per City specifications. The Club board of directors has also implemented a marketing plan to increase its membership by providing increased outreach to Palo Alto residents and businesses.

When the Club is not using the Clubhouse for normally scheduled activities, the lease requires the Club to make the Clubhouse available to the City or other community users. All rental fees from such use will be retained by the City.

New leases of City property may be awarded through an RFP process or following a noticed public hearing. Notice of intent to award a lease to Palo Alto Lawn Bowls Club, Inc. was published in the Palo Alto Weekly on September 26, 2008 and October 3, 2008.

RESOURCE IMPACT
The proposed lease will generate annual income to the City in the amount of $6,000 per year. That rent will partially offset some of the $40,000 in annual maintenance costs borne by the City to maintain the adjacent lawn bowl green. The Club also maintains and improves the interior section of the clubhouse at its own cost.

POLICY IMPLICATIONS
The proposed lease is consistent with City policies and prior Council action.

ENVIRONMENTAL REVIEW
This lease is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 (Existing Facilities) of the CEQA guidelines.
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Senior Financial Analyst

DEPARTMENT HEAD: LALO PEREZ  
Administrative Services Director

CITY MANAGER APPROVAL: JAMES KEENE  
City Manager

ATTACHMENTS  
Attachment A: Summary of Terms of the Lease  
Attachment B: Lease with Palo Alto Lawn Bowls Club, Inc.

cc: Palo Alto Lawn Bowls Club, Inc.  
    Greg Betts