

# CITY OF PALM DESERT STAFF REPORT

MEETING DATE: February 15, 2024

PREPARED BY: Gary Shaffer, Director of Library Services

REQUEST: EXECUTE LEASE AGREEMENT BETWEEN THE CITY OF PALM DESERT AND THE DESERT COMMUNITY COLLEGE DISTRICT FOR 20,802 SQUARE FEET OF SPACE IN THE LIBRARY BUILDING LOCATED AT THE SOUTH END OF THE CAMPUS

## **RECOMMENDATION:**

1. Authorize the City Manager to enter into an up to five-year lease agreement with the Desert Community College District to lease 20,802 square feet of space in the library building at the south end of the campus in the base-year amount of \$112,310.37 with a separate \$23,000 credit in year-one only.
2. Authorize the City Attorney to make any necessary non-monetary changes to the agreement.
3. Authorize the City Attorney to make any necessary conforming and clarifying changes acceptable to the City Manager.
4. Authorize the City Manager to execute all documents necessary to effectuate this action.

## **BACKGROUND/ANALYSIS:**

The City is taking over local library services from the County of Riverside beginning July 1, 2024. At its regular meeting on June 8, 2023, the City Council voted to form a Library Taskforce to provide community input into the process. On October 12, 2023, the City Council adopted Resolution No. 2023-047 approving the City's withdrawal from the Riverside County Library System and assumption of the provision of library services in the City as of July 1, 2024, and indicating the City's intent to establish an independent municipal library. The City has released an RFP for the design of a new library building. However, a new facility will take three – five years to design, build, occupy, and open. Through this lease, the City will continue to operate at the current library site.

While the City, through its former Redevelopment Agency, shared in funding the building when first built, the lease with the College is intended to cover the College's annual expenses for the utilities and maintenance of the grounds around the portion of the building the City will be occupying.

Year 1 Lease make-up	Cost of Lease Components
Groundskeeper Services	\$ 42,318.02
Utilities (Electricity, Gas, Water, and Sewer)	\$ 69,992.35
Credit for initial 1-time City performed Groundskeeping ( <i>Year 1 only</i> )	(\$ 23,000.00)
<b>Total Year 1</b>	<b>\$ 89,310.37</b>

Year 2-5 lease est. costs per year + annual escalator	\$112,310.37
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The lease agreement has a five-year term, though the City may cancel the lease with 60 days' notice prior to the end of any given fiscal year. The lease also includes a minimum financial escalator of 3% per fiscal year. The maximum escalator, per the terms of the lease, may not exceed the College's Cost of Living Adjustment (COLA) for the given fiscal year.

During the period in which the City occupies the building, the College will maintain all structural and systematic components including, but limited to, roof, air-conditioning equipment, heating equipment, plumbing, electrical wiring and fixtures, communication wiring and fixtures including all lights and replacement of light bulbs, windows and structural parts.

While the annual lease amount is \$112,310.37, the College is offering a first-year discount of \$23,000 in return for the City completing some work on the grounds surrounding the library building prior to its opening the facility as a City-run municipal library. This includes, but is not limited to, placement of decomposed granite, pruning and trimming of trees and plants, and placement of new trees, and removal of stumps.

**Legal Review:**

This report has been reviewed by the City Attorney's office.

**FINANCIAL IMPACT:**

This lease will incur a \$112,310.37 - \$23,000 (grounds credit) charge in year one and will include an agreed upon escalator in subsequent years, as outlined above. Also as noted above, the City will incur \$23,000 in costs to bring the grounds up to an acceptable level and the first year's lease payment will be lowered by that same amount. Lease and one-time groundskeeping costs will be funded by the library's existing operating budget.

**ATTACHMENT:**

Lease agreement