

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: October 24, 2024

PREPARED BY: Eric Ceja, Director of Economic Development

SUBJECT: APPROVE A LEASE EXTENSION WITH THE ARTIST COUNCIL
THROUGH JUNE 2030 AT 72-567 HIGHWAY 111

RECOMMENDATION:

1. Approve the Second Amendment to Lease – Contract No. C41250 with The Artist Council at 72-567 Highway 111.
2. Authorize the City Attorney to make any necessary nonmonetary changes to the agreement.
3. Authorize the City Manager to execute the agreement.

BACKGROUND/ANALYSIS:

The Artist Council (TAC) is a nonprofit organization that promotes the arts and artists of the Coachella Valley by offering art exhibits, classes, workshops, lectures, and social gatherings. Since 2021, TAC has occupied the City-owned building located at 72567 Highway 111, serving as a destination for art, education, and entertainment for both residents and visitors.

On July 14, 2022, at the request of TAC, the City Council approved the First Amendment to the Lease Agreement extending the term of the lease to June 30, 2027.

In July 2024, TAC leadership approached City staff to request an extension of the existing lease. TAC is seeking an additional three-year extension to the lease, which is set to expire June 30, 2027. This extension would allow TAC to plan for longer-term fundraising capabilities and programming. If approved by the City Council, the lease would be extended through June 2030.

The current lease has an annual base rent payment of \$1.00 to the City, due on April 1, along with a 23% share of the annual Common Area Maintenance (CAM) charges for the Entrada de Paseo site. In exchange for the reduced lease rate, TAC must provide annual financial statements to the City and offer a variety of programming outlined in Exhibit B of the approved Lease Agreement. TAC is currently in good standing with the City.

Legal Review:

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

FINANCIAL IMPACT:

The City will receive a cumulative rent payment of \$5 from TAC for the lease extension, covering the remaining term and the additional three years through 2030. Additionally, TAC will continue to pay its portion of the annual CAM charges for the Entrada de Paseo site, which are estimated at \$41,187 for calendar year 2024.

ATTACHMENTS:

1. Second Amendment to C41250 Lease Agreement
2. Approved C41250 Lease Agreement
3. Approved First Amendment C41250 Lease Agreement