

Agenda Report

TO: CITY COUNCIL **DATE:** October 28, 2002
FROM: CITY MANAGER
SUBJECT: AMENDMENT TO LICENSE AGREEMENT NO. 9286 WITH TEAM CHEVROLET

RECOMMENDATION

It is recommended that the City Council, based on a finding of public purpose, ratify the waiver of payment for the use of property by Team Chevrolet as specified in License Agreement No. 9286, and approve the waiver of future payments for the remaining term of the Agreement.

BACKGROUND

In March 1974, the City Council approved a license agreement with Jack Wall Chevrolet, for the use of property at Walnut St. and Kinneloa Ave. Under the terms of the License, Jack Wall Chevrolet was to pay the City \$7,000 per year adjusted annually based on changes in the consumer price index.

A recent review of City lease and license agreements revealed that in June 1993, City staff administratively waived all payments which were owed at that time as well as all future payments for the term of the license, which is indefinite. However, since the license agreement and its terms were approved by the City Council, authority to alter the terms of the agreement rests with the City Council.

Team Chevrolet is the successor to Jack Wall Chevrolet and has continued to occupy the property subject to the license agreement and was under the impression that payment for use of the property had been properly waived.

Staff recommends that the City Council formally ratify the waiver of payments for the use of the property by way of a contract amendment. Such a waiver is in the best interests of the City and serves a valid public purpose. Team Chevrolet is one of the City's top twenty sales tax revenue generators and employs 102 people at its Pasadena location. Consequently, use of the property by Team Chevrolet directly contributes to the local economy. Moreover, the property is located in such way that it has no commercial value other than use by Team Chevrolet.

FISCAL IMPACT

Under the terms of the license agreement, Jack Wall Chevrolet was to pay the City \$7,000 per year adjusted annually based on changes in the consumer price index. Staff has not been able to determine how much money was received prior to payments being waived. Based on the change in the consumer price index between May 1974 and August 2002 (the most recently available period), the current annual payment would be \$8,783.

Respectfully submitted,



Cynthia J. Kurtz,
City Manager

Approved by:



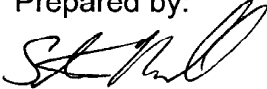
Jay M. Goldstone,
Director of Finance

Concurrence:



Richard Bruckner
Director of Planning & Development

Prepared by:



Steve Mermell,
Budget Administrator