

# Agenda Report

DATE: JULY 24, 2000

TO: CITY COUNCIL

FROM: CYNTHIA J. KURTZ, CITY MANAGER

SUBJECT: PUBLIC HEARING: AMENDMENT TO THE ALKEBU-LAN CULTURAL CENTER'S EXISTING LEASE AT 1435 NORTH RAYMOND AVENUE PERMITTING THE CONDITIONAL EXTENSION OF THE LEASE TERM TO FIFTY YEARS AND THE ADOPTION OF A MITIGATED NEGATIVE DECLARATION.

RECOMMENDATION:

It is recommended that the City Council take the following actions:

1. Hold a public hearing and then adopt a resolution:
  - (a) Affirming that the real property at 1435 North Raymond Avenue is serving a public purpose through its lease to Alkebu-Lan, which provides human, social and cultural services to the community.
  - (b) Finding and determining that the amendment to the lease, conditionally extending the term to 50 years without competitive bidding will achieve an extraordinary and overriding public benefit.
  - (c) Adopting a mitigated negative declaration with regard to the improvements proposed by Alkebu-Lan at the subject property.
  - (d) Approving the terms and provisions of the Lease Amendment, which include conditions that the 50 year extension is subject to Alkebu-Lan obtaining all necessary entitlements for the proposed construction and that Alkebu-Lan to provide: 1) continued significant public benefits to the Pasadena community; 2) proper maintenance of the property for the term of the lease; 3) and proof that 90% of the estimated \$1,300,000 construction costs have been collected through donations or grants prior to commencement of construction and that if funds are not raised by two years from the date of Council authorization for the lease, that the lease will revert to the current terms.

- (e) Authorizing the City Manager to execute the Lease Amendment and all other documents pertaining thereto and to perform such other and further acts as required under the Lease Amendment not less than 60 days after the date of this hearing.

**BACKGROUND:**

Staff presented this item to the Northwest Commission, at its July 19, 2000 meeting. Representatives of Alkebu-Lan attended the meeting. The Northwest Commission recommended that the City Council approve the proposed lease amendment to Alkebu-Lan.

Alkebu-Lan, a cultural arts center, currently has a 10-year lease with a 5-year option on City property at 1435 Raymond Avenue that will expire February 28, 2009. The property includes an old fire station, which they have converted for their use at a cost of approximately \$400,000 and an adjacent attached building now used for storage.

Alkebu-Lan plans to remodel the attached building to accommodate a 99 seat theatre, classrooms, practice rooms, etc., at an estimated cost of \$1,300,000. They plan to pay for the construction through grants and donations. In order to attract donors, Alkebu-Lan is seeking a conditional extension of the existing lease to 50 years.

Staff recommends extending the lease based on the City's policy of providing other long-term leases to non-profit and cultural organizations such as the Norton Simon, Rose Bowl Aquatic Center, and the Marine Center at Victory Park. These leases to non-profits ranged from 30 to 99 years and each organization has invested \$200,000 to \$2,000,000 in the properties.

Typically, improvements similar to those proposed by Alkebu-Lan have an estimated economic life of about 50 years. For this reason, it is reasonable that the lease to Alkebu-Lan should be extended to 50 years.

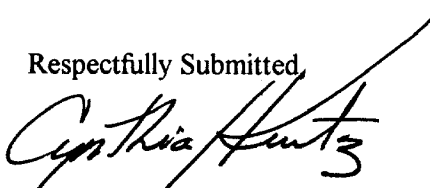
Because none of the \$1,300,000 has yet been raised, the Lease Amendment will contain a contingency clause that requires proof that 90% of the construction costs must be collected prior to construction and that if these funds are not raised by two years from the date of City Council authorization for the lease, that the lease will revert to the current terms. The extension will also be subject to Alkebu-Lan getting all entitlements necessary for the proposed improvements as well as continuing with the same non-profit organization in place for the benefit of Pasadena residents for the duration of the Lease.

Alkebu-Lan has been using the property and providing services at this location since 1994. The children that participate in the Alkebu-Lan cultural center are exposed to cultural activities, trips, visits to museums and other recreational activities. During the year, 65 to 85 Pasadena children per week are served by Alkebu-Lan, with that number increasing to 100 children during the summer.

**FISCAL IMPACT**


The property will continue to be leased to Alkebu-Lan Cultural Center for one dollar per year and they will continue to be responsible for the maintenance of the property and to provide human, social and cultural services to the community.

Respectfully Submitted,




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City Manager

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