



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 15, 2021**

FROM: PARKS, RECREATION AND COMMUNITY SERVICES DEPARTMENT **WARD: 2**

SUBJECT: FIRST AMENDMENT TO LEASE AGREEMENT WITH CONCILIO CHILD DEVELOPMENT CENTERS TO OPERATE THE NATI FUENTES CENTRO DE NIÑOS CHILDCARE CENTER AT BORDWELL PARK FOR AN ADDITIONAL ONE-YEAR PERIOD FROM JULY 1, 2021 THROUGH JUNE 30, 2022

ISSUE:

Approve the First Amendment to Lease Agreement with Concilio Child Development Centers at the 14,635 square-foot Nati Fuentes Centro de Niños Childcare Center at Bordwell Park for an additional one-year period from July 1, 2021 through June 30, 2022, with the option to extend for four additional one year terms.

RECOMMENDATIONS:

That the City Council:

1. Approve the First Amendment to the Lease Agreement with Concilio Child Development Centers for an additional one-year period from July 1, 2021 through June 30, 2022; and
2. Authorize the City Manager, or his designee, to execute the First Amendment to Lease Agreement with Concilio Child Development Centers, including making minor and non-substantive changes including term extensions, subject to the availability of funds.

BACKGROUND:

Concilio Child Development Centers (Concilio) is licensed to operate the Nati Fuentes Centro de Niños Childcare Center to provide childcare services for low to moderate income families. Per the license agreement, previously approved by the City Council, Concilio was not required to pay rent for lease of City property during the initial three years of operation starting in 2008.

Effective January 1, 2013, following negotiations, Concilio Child Development Centers agreed to begin paying a monthly rent of \$1,500 per month, with negotiations of rent taking place every two years.

Effective November 1, 2016, Concilio Child Development Centers and Parks, Recreation and Community Services Department (PRCSD) staff renegotiated the terms of the agreement to

include maintenance responsibilities. Concilio requested that PRCSD provide additional maintenance responsibilities which included: on-going maintenance of HVAC systems, fire and security alarms monitoring and certification, additional landscaping and irrigation, refuse services, as well as as-needed, non-routine maintenance items. Additional rent in the amount of \$1,029 per month above the base rent of \$1,500 per month was negotiated in exchange for the PRCSD taking on additional maintenance responsibilities. Both parties entered into a five-year agreement with the option to extend for five additional one-year extensions for the term of July 1, 2016 through June 30, 2021.

DISCUSSION:

On May 3, 2021, PRCSD received notification that Concilio is choosing to extend the first amendment of the lease agreement for the period of July 1, 2021 through June 30, 2022. Per the original agreement a 2.5% increase to the base rent will be applied with a new base rent amount of \$1,537.50 plus an additional \$1,029 per month for additional maintenance services for a new monthly total of \$2,566.50. Additional non-routine maintenance services will be charged at cost for Concilio requests to be completed by PRCSD Staff.

Concilio is licensed to operate the Nati Fuentes Centro de Niños to provide childcare services for low to moderate income families. PRCSD confirms the services provided by Concilio Child Development Centers benefits the Riverside community, and the Department is agreeable to extending the lease agreement for an additional one-year period effective July 1, 2021.

FISCAL IMPACT:

The total fiscal impact of this recommendation is \$30,798 for FY 2021/22. This agreement increases the monthly revenue for base rent of \$1,537.50 and an additional \$1,029 for added maintenance services, for a total of \$2,566.50 per month to the General Fund, Parks Land and Building Rental Revenue account 5215000-373100. Future amendments will include base rent increases of 2.5% per the original agreement.

Prepared by: Adolfo Cruz, Parks, Recreation and Community Services Director
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Kristi J. Smith, Interim City Attorney

Attachment: First Amendment to Lease Agreement