

# City Council Report

**Date:** April 6, 2015  
**To:** City Council  
**Through:** Michael Kennington, Chief Financial Officer  
**From:** Tammy Albright, Housing and Community Development Director  
Raymond Thimesch, Development Project Coordinator  
**Subject:** Assignment of Lease of the Property Located at 170 W. University  
(District 4)

## Strategic Initiatives



## ***Purpose and Recommendation***

The purpose of this report is to request Council approve a resolution consenting to an assignment and assumption of a lease for the property located at 170 West University Drive ("Property") and to authorize the City Manager to sign the necessary documents; see **Attachment A** for the Property site map. The current lessee of the Property, Child Crisis Center, Inc., is requesting to assign its rights and obligations under the lease to The Crisis Nursery, Inc. with whom Child Crisis Center, Inc. recently merged.

## ***Background***

Child Crisis Center, Inc. ("CCC") is a non-profit organization providing an emergency shelter for children from ages 0-11 years who are displaced from their home by the Arizona Department of Child Safety or by families as a community placement. A child's stay can be from several days to many months depending upon their circumstances. CCC provides other services benefitting the community including, but not limited to, licensing and support for families looking

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to adopt or foster children, in-home support for parents of children age 0-5 years, and programs, classes and workshops for children and families. In April 2015, CCC merged with The Crisis Nursery, Inc., an entity providing the same type of services to the community as CCC. The merger will not affect the primary services offered by CCC and will allow for the expansion of the services offered by The Crisis Nursery, Inc. As a part of the merger, the joint entity will be titled The Crisis Nursery, Inc. ("Crisis Nursery").

The Property is divided into three parcels all acquired in October 1997 by the City with \$334,017.00 of U.S. Department of Housing and Urban Development Community Development Block Grant ("CDBG") funds. The purchase of the Property included the land and the current building now being used for CCC's Connections Program which provides support services to grandparents and relatives raising children of parents who are not able or capable of doing so themselves.

CCC has leased the Property from the City since April 1998 under a City of Mesa Lease Agreement ("Lease"). Pursuant to the Lease, CCC is required to use the Property for the purpose of a center for child care, education, administration, and related services. CCC is also required to adhere to any federal requirements for the use of the Property set forth in the CDBG program regulations. The Lease is set to expire on December 31, 2017, but the Lease does allow for two additional five year renewal terms.

### ***Discussion***

CCC requests the City consent to an assignment and assumption of the lessee rights and responsibilities under the Lease to Crisis Nursery. The Lease and lessee rights and responsibilities under the Lease would not change with an assignment and assumption by Crisis Nursery. The Property will continue to be operated as the Connections Program; additional or other support service programs could be added so long as the use is within the requirements of the Lease.

CCC is a community asset within the east valley and provides much needed shelter and supportive services to the children of Mesa and the Phoenix metropolitan area. The merger of CCC and Crisis Nursery will have a positive impact by providing additional support services and financial strength for a much needed service within Mesa.

### ***Alternatives***

Staff has identified the following alternatives:

1. Consent to the lease assignment of the Property. Authorize CCC to assign and Crisis Nursery to assume the rights and responsibilities of the lessee under the Lease.

The use of the Property must continue in accordance with the terms of the Lease. Any change or new activity must be a CDBG eligible activity and will require a public notice.

2. Refuse to Consent. The Council can choose to refuse to consent to the assignment and, pursuant to the terms of the Lease, the assignment would be void.

### ***Fiscal Impact***

The fiscal impact to the City will be zero, as long as the Property continues to be used for a CDBG eligible activity in accordance with the Lease during the City's time as a recipient of CDBG funds.

### ***Coordinated With***

This recommendation has been coordinated with the City of Mesa Housing and Community Development and Real Estate.