



City Council Report

Date: October 16, 2017
To: City Council
Through: Kari Kent, Assistant City Manager
From: Beth Huning, City Engineer
Rob Kidder, Assistant City Engineer
Subject: Renew the lease with Oakwood Creative Care at the Senior Center located at 247 North Macdonald Council District #4

Purpose and Recommendation

The purpose of this report is to consider staff's recommendation to enter into a lease agreement with Oakwood Creative Care (Oakwood) for a portion of the Senior Center facility located at 247 North Macdonald.

Background

The City-owned Senior Center houses two non-profit entities, Oakwood and East Valley Adult Resources, Inc. (EVAR). Oakwood, which was formally known as Sirrine Adult Day Care of Mesa, occupies 4,176 square feet of the 32,559 square foot property. Oakwood provides daytime programs for adults with dementia, Parkinson's disease, stroke complications, or other disabilities. Prior to entering into its own lease with Mesa in 2012, Oakwood sub-leased space at the Senior Center from EVAR.

The services and programming provided are a public benefit as they allow residents of Mesa and the surrounding communities to have access to social services that improve the participants' quality of life.

Discussion

Oakwood would like to continue leasing its portion of the Senior Center property and desires to enter into a five-year lease agreement with the City. The lease would terminate on June 30, 2022. This new lease agreement is similar, with some modifications, to the prior lease entered into with the City in 2012.

Alternatives

The City Council could choose to not enter into a new lease agreement with Oakwood. Choosing this alternative would result in the disruption of the programs and services that are offered at this location.

Fiscal Impact

The City will receive a nominal amount of lease revenue, \$1.00 per year, from the lease. This is consistent with Oakwood's 2012 lease and with leases the City has with other non-profit agencies who provide a public benefit to the Mesa community through the services and programming they offer at the leased location.

Under the new lease, the City will continue to provide an annual utility credit of approximately \$96,473.00 that is funded by Human Services funds. The credit is for the entire building, also covering the portion of the building occupied by EVAR. The utility credit is used to pay for building utilities owned/operated by the City up to the credited amount each year. In the event the building utility charges exceed the utility credit amount, the agencies will be required to pay any utility charges over the credit amount to remain in compliance with the lease.

Coordinated With

These leases have been coordinated with the City Attorney's Office, Community Services department, and PRCF - Facilities Maintenance.