



# City Council Report

**Date:** July 11, 2022  
**To:** City Council  
**Through:** Marc Heirshberg, Deputy City Manager  
**From:** Beth Huning, City Engineer  
Marc Ahlstrom, Assistant City Engineer  
**Subject:** Enter into a lease with Oakwood Creative Care, Inc. for a portion of the City-owned 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 Aster Aging, Inc., previously East Valley Adult Resources (EVAR). Oakwood, occupies 4,176 square feet of the 32,559 square foot property. Oakwood provides an adult day care health center with 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. Oakwood currently occupies the property based on a 2017 lease it entered into with the City.

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, with an optional five-year renewal. The lease would terminate on June 30, 2027, or June 30, 2032 if the renewal is allowed under the terms of the lease. The material deal points of this new lease agreement are similar to the lease entered into 2017.

**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, \$5.00 per year, from the lease. This lease rate is consistent with Oakwood's 2012 and 2017 leases 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 Aster Aging. 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.