



STAFF REPORT
4/18/2023

TO: Parks and Recreation Chair and Commissioners

FROM: Maritza Martinez, Public Works Director

SUBJECT: Recommend Coachella Youth Sports Association Soccer (CYSAS) be removed as a lessee of the City and CYSAS Sublease Agreement for use of the Armtec Defense property, due to default of Section 7 of the Sublease Agreement.

STAFF RECOMMENDATION:

Recommend Coachella Youth Sports Association Soccer (CYSAS) be removed as a lessee of the City and CYSAS Sublease Agreement for use of the Armtec Defense property, due to default of Section 7 of the Sublease Agreement.

BACKGROUND:

On July 13, 2016, the City Council entered into a Lease Agreement with Armtec Defense and a Sublease Agreement with CYSAS. These agreements leased the City 11 acres of undeveloped land, owned by Armtec Defense, and also subleased this same property to CYSAS. Armtec Defense asked the City be the intermediary lessor with the sports league; for while Armtec supported the property be used by the league(s), they did not want to manage ensuring the league(s) would maintain the property required by both the Lease and Sublease Agreements.

The Sublease Agreement was amended on February 23, 2022 as the city's second soccer league (Coachella Valley Soccer League (CVSL)) showed interest in also using the Armtec Defense property. The leased property has four soccer fields on it and as a result of the Amended Sublease the four soccer fields were split; two were Subleased to CYSAS and two were Subleased to CVSL. Based on the allocated property subleased to each sport league a separate water meter was installed to monitor and bill each league based on their water use; water is the only utility that is paid for in the maintenance of the leased/subleased property.

CYSAS has been delinquent on their water billing for most of their subleased term, but the City has worked with placing them on payment plan arrangements to manage the amounts owed. During COVID, CYSAS' amount due ballooned up to \$54,168.20 in January 2022; no shutoffs were being conducted due to COVID. In January 2022, Coachella Water Authority commercial accounts were applied state grant funds for the amounts that they may have gone negative during COVID; this account is a commercial account and was credited \$33,549.44.

The customer has been receiving their regular monthly bill notifying them of the amount owed each month. The amount owed in February 2023, was \$40,005.85. Staff reached out to the customer in February 2023 and offered them a payment plan that would require they pay the amount owed in 17 months, while also making their full monthly payments moving forward; default of either would result in a default of the payment plan. Staff did not receive a response to the proposed payment plan option and the customer was shut off on April 3, 2023.

DISCUSSION/ANALYSIS:

CYSAS is in default of Section 7 of the Sublease agreement. Section 7 of the Sublease agreement requires CYSAS pay all utility billing required to maintain the property leased. Staff is recommending the Sublease Agreement be amended to remove CYSAS as a party to the lease and amend the Lease Agreement to reflect only the property still being leased by CVSL.

Staff is also requesting feedback regarding the Sport League MOU as CYSAS is a party to this MOU and currently owes the Coachella Water Authority \$40,005.85. Staff is looking at funding sources available to try to repay the utility using grant funds that may still be available for utility billing but nothing has been obtained at this time.

FISCAL IMPACT:

The City/Coachella Water Authority has a \$40,005.85 unpaid debt.

ALTERNATIVES:

1. Recommend the Sublease Agreement be amended to remove CYSAS as a party to the lease and amend the Lease Agreement to reflect only the property still being leased by CVSL.
2. Recommend the Sublease Agreement be amended to remove CYSAS as a party to the lease and amend the Lease Agreement to reflect only the property still being leased by CVSL; revisit Sport League MOU participation by CYSAS.
3. Provide alternate direction.