



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 06/17/2025

ITEM NO: 20

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DATE: June 6, 2025  
TO: Mayor and Town Council  
FROM: Chris Constantin, Town Manager  
SUBJECT: Authorize the Town Manager to Negotiate and Execute a First Amendment to the Adult Recreation Center Lease and a Third Amendment to the Youth Recreation Center Lease with Los Gatos Saratoga Recreation

**RECOMMENDATION:**

Authorize the Town Manager to negotiate and execute a First Amendment to the Adult Recreation Center (208 East Main Street) Lease and a Third Amendment to the Youth Recreation Center (123 East Main Street) Lease with Los Gatos Saratoga Recreation (LGSR), in substantially the form presented.

**FISCAL IMPACT:**

Under the current lease arrangement, LGSR pays the Town approximately \$250,000 annually to rent the Adult Recreation Center (ARC). When considering market price rent along with other factors, this represents approximately a \$290,000 annual subsidy from the Town. The ARC lease amendment includes \$100,000 in reduced rent annually for the next three years unless the fiscal situation of LGSR improves to reduce the need. This would result in potentially a total of \$300,000 in reduced lease revenue that the Town would receive. While reducing rent results in lower revenue, staff believe it is important to ensure the continuity of the services provided at the Adult Recreation Center, including the 55+ Program which aligns with the Town's priority of meeting the needs of older adults. Staff will be working with LGSR to right-size the 55+ Program so that it is more fiscally sustainable and once this occurs, the reduced rent will cease and the lease will revert to full rent.

**STRATEGIC PRIORITIES:**

These lease amendments support the Town's core goal of Civic Engagement and the strategic priority to engage community service providers to meet the needs of older adults.

**PREPARED BY:** Katy Nomura  
Assistant Town Manager

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Reviewed by: Town Manager, Town Attorney, and Finance Director

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SUBJECT: Adult Recreation Center and Youth Recreation Center Lease Agreements with  
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BACKGROUND:

In 2004, the Town entered into an agreement to lease the Youth Recreation Center (YRC) (123 East Main Street) to LGSR to provide educational and recreational services to Los Gatos area residents. Under the current lease arrangement, LGSR pays the Town approximately \$30,000 annually for the YRC. In 2007, the lease was extended through June 2010. In 2010, the lease was extended through December 2011 and reverted to a month-to-month lease after 2011.

In 2009, the Town entered into an agreement to lease the Adult Recreation Center (ARC) (208 Main Street) to LGSR to provide additional educational and recreational services to the community, including senior services. Under the current lease arrangement, LGSR pays the Town approximately \$250,000 annually for the ARC. This lease is set to expire in December 2029 with options to extend for two additional periods of five years each.

In 2024, LGSR requested the opportunity to renegotiate the ARC and YRC leases, expressing that the 55+ program for seniors at the ARC was operating at a loss and a reduction in rent was necessary for them to remain fiscally viable.

DISCUSSION:

Town staff and LGSR have worked collaboratively to negotiate amendments to both the ARC and YRC leases. The key provisions of those amendments are summarized below:

- ARC
  - Reduce rent by \$100,000 a year for three years starting in fiscal year (FY) 2025-26, until such a time that the 55+ program has been rightsized or LGSR's finances have improved to reduce this need.
  - LGSR and the Town will work together to revise the list of senior programs outlined in the existing lease and come to an agreement, recognizing that LGSR is the subject matter expert.
- YRC
  - Extend the agreement for three years with quarterly payments instead of month-to-month.

When revising the list of senior programs to right-size the 55+ program, Town staff will seek the input of the CHSSC for Council's consideration.

CONCLUSION:

Supporting LGSR's fiscal viability is important in order for them to continue providing educational and recreational services, including senior services, to the community. If LGSR were no longer able to sustain these services, the community would lose a valuable resource. For

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these reasons, staff recommends that the Town Council authorize the Town Manager to negotiate and execute these lease amendments.

COORDINATION:

This report has been prepared in coordination with LGSR, the Town Attorney, and the Town Manager's Office.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Draft First Amendment to the Adult Recreation Center Lease Agreement with Exhibit A
2. Draft Third Amendment to the Youth Recreation Center Lease Agreement with Exhibits A, B, and C