



MEETING DATE: 12/7/09

ITEM NO: 9

COUNCIL AGENDA REPORT

DATE: December 1, 2009
TO: MAYOR AND TOWN COUNCIL
FROM: GREG LARSON, TOWN MANAGER
SUBJECT: ADOPT A RESOLUTION AUTHORIZING THE TOWN MANAGER TO EXECUTE THE LEASE AGREEMENT BETWEEN TOWN OF LOS GATOS AND LOS GATOS-SARATOGA COMMUNITY EDUCATION AND RECREATION

RECOMMENDATION:

Adopt a resolution authorizing the Town Manager to execute the "Lease Agreement Between Town of Los Gatos and Los Gatos-Saratoga Community Education and Recreation" (Exhibit A to Attachment 2).

BACKGROUND:

The Town launched its pilot senior services program approximately eight years ago, through a dedicated Senior Center and a Senior Coordinator staff position. This program has been a great success, both providing directly and supporting the provision of services to local seniors. Recently an opportunity has arisen to expand the Town's partnership with Los Gatos-Saratoga Community Education and Recreation (LGS Recreation) to enhance the delivery of senior services.

LGS Recreation is a non-profit agency that was formed in 1956 through a joint powers agreement with the local school districts in Los Gatos and Saratoga. Its mission is to help build a healthy community by providing a wide range of education, recreation, and enrichment programs to the citizens of Los Gatos, Saratoga, Monte Sereno, and neighboring mountain communities. The agency is funded through user fees and donations, and receives no tax revenue. Its governing board includes representatives of the Los Gatos-Saratoga Joint Union High School District, the Los Gatos Union School District, and the Saratoga Union School District, and members of the community. Its headquarters is located at 123 E. Main Street, across the street

PREPARED BY: Regina A. Falkner, Community Services Director

ATTACHMENT 1

Reviewed by: [Signature] Assistant Town Manager, [Signature] Town Attorney, [Signature] Clerk Administrator, [Signature] Finance, [Signature] Community Development

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from the Civic Center; classes are held at 19 locations throughout the community, including the Neighborhood Center.

DISCUSSION:

In August 2009, the Town Council authorized staff to enter into negotiations with LGS Recreation to explore the possibilities that an expanded partnership in the area of senior services could offer. At least three key goals for this partnership drove these negotiations, as follow:

1. **Improve services to seniors.** As noted earlier, the Town has had a successful senior services program over the last eight years. LGS Recreation also has a successful track record in providing services to seniors. Its 55+ program focuses on life-long education for older adults, helping them to continue their personal growth and enrichment. Combining the proven abilities of these two agencies is an effective way to improve services to Los Gatos seniors while eliminating duplication and redundancy. In addition, LGS Recreation will be able to dedicate more staff resources to senior services than the Town can alone. Currently, the Town has one staff position dedicated to senior services, the Senior Coordinator; the staff person in this position is scheduled to retire at the end of this calendar year. LGS Recreation has a number of staff positions dedicated to and experienced in senior-related programming.
2. **Maximize the benefit of the Neighborhood Center facility to the community.** LGS Recreation has expressed a need for more administrative and program space than it has available currently. The Neighborhood Center, while used by many community groups during the year, including LGS Recreation, is not at capacity. It is a mutually beneficial situation to provide LGS Recreation with the space it needs, across the street from its existing headquarters, and thereby maximizing the use of the facility by the community through expanded education and recreation programming. For seniors, the Neighborhood Center could serve as a one-stop shop, where they could both register and attend LGS Recreation programs, and access support services.
3. **Address future budget deficits.** The Town organization is facing a budget deficit of at least \$1.5 million for the next fiscal year. It is important that every opportunity to restructure the provision of services, and to maximize the benefits provided by existing assets, be explored. The proposed partnership between the Town and LGS Recreation, as outlined below, would include a long-term lease of the Neighborhood Center, representing new revenue to the Town. At the same time, senior services would be expanded, benefitting local seniors.

Facility Lease

Negotiations with LGS Recreation have focused on a long-term lease of the Neighborhood Center, with the accompanying responsibility to provide senior services. The proposed terms of the facility lease are as follow:

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- a. LGS Recreation will pay rent to the Town at 25% of assessed fair market rent in the first year of the lease. Each subsequent year of the lease, the rent paid will increase by 5% (30% of assessed fair market rent in year 2, 35% in year 3, etc.) until it reaches 45% in year 5, and will then remain at 45% of assessed fair market rent for the remainder of the lease term.
- b. The initial fair market rent was assessed at \$2.50 per square foot. This base fair market rent will be adjusted by CPI each year, and a new appraisal of fair market rent will be made once every 5 years.
- c. The initial term of the lease is 20 years. Two 5-year extensions will be included, and will go into effect automatically unless one of the parties objects.
- d. All facility improvements must be approved in advance by the Town. The Town will pay back any remaining value to LGS Recreation only if the Town takes back the facility early. The cost of any approved improvements will be evenly distributed over the remaining term of the lease.
- e. The Town will maintain the facility structure, including the roof, HVAC, plumbing, and electrical systems, and provide for all exterior landscaping.
- f. LGS Recreation will pay all utility and custodial costs.
- g. The Town will rent back 1262 square feet of office space, paying rent at the same rate paid by LGS Recreation. The Town will also share the retention room on the second floor. The Town will vacate this space no later than December 31, 2013.
- h. LGS Recreation will continue to rent out meeting rooms in the facility, based on the current Los Gatos Neighborhood Center Policies and Procedures. The current fee schedule will also be adopted and will be evaluated after the first year.
- i. The Town will have free use of meeting rooms for Town business for no more than 700 hours per year, until December 31, 2013. Beginning on January 1, 2014, the Town may have no more than 500 hours of free use per year.
- j. AA and NA may continue to use the meeting rooms at their current use rate of approximately 1,500 hours per year, until December 31, 2013, though room availability during regular business hours may be limited. Beginning January 1, 2014, the number of hours per year may be reduced to 1,000.
- k. SJSU may no longer have a dedicated office space. It may rent meeting rooms as needed, and may share office space with LGS Recreation.
- l. The Town will remove the EOC equipment from the Large Hall by June 30, 2010. The Town may continue to use the Large Hall as an EOC in emergencies and for training.
- m. The Town logo will be included with the LGS Recreation logo on all senior service marketing items, and there will be LGS Recreation inclusion on appropriate Town collateral.
- n. The Town will retain the right to rename the building. LGS Recreation has requested that the building would be known as the "Los Gatos Senior and Adult Recreation Center."
- o. In recognition of the Town's provision of significantly discounted administrative and program space, the Town will be given a non-voting seat on the LGS Recreation Board.

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Senior Services

As part of the proposed lease agreement, the Town would require that LGS Recreation maintain and expand senior services at the Neighborhood Center, and also that it support the provision of senior services by other agencies. LGS Recreation would ensure the provision of services/programs to include services/programs similar to the following list in scope and participation using its own staff or via contract:

- a. Wednesday afternoon movies (once per month)
- b. Wednesday games program (weekly)
- c. Senior Center dances (once per quarter)
- d. Bus trips (once per quarter)
- e. Senior Thanksgiving dinner (once per year)
- f. Senior Picnic (once per year)
- g. Senior show (once per year)
- h. Senior Center newsletter (bi-monthly)
- i. Information and referral to other agencies (ongoing)
- j. Recreation classes will be expanded significantly as demand warrants. Classes may include language, arts and crafts, computer, and other special interest classes.

LGS Recreation would provide appropriate facility space and administrative support as needed for the following services, to be provided by outside agencies. It would be under no obligation to provide these services directly.

- a. Health presentations (once per month)
- b. 55-Alive driving classes
- c. Grief support group
- d. Blood pressure screenings
- e. Brown Bag grocery distribution (once per week)
- f. Live Oak Senior Nutrition Program lunchtime meal services (once per week)
- g. Happy Hoofers walking group
- h. Older Women's group
- i. HICAP insurance counseling (by appointment)
- j. Income tax preparation (by appointment)
- k. BART ticket sales (ongoing)
- l. Hosting and organizing new groups and affiliates as interests warrant, such as a computer club, genealogy club, or bridge club.

The Town will remain responsible for case management services. They have been provided in the past through the Senior Coordinator position. As the staff person in this position will be retiring at the end of this calendar year, staff is researching options for contracting out for these services. Monte Sereno staff has indicated interest in potentially partnering with the Town to

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contract for case management services. In the interim, local and county social service agencies will be called on for assistance.

Reception and Administrative Support

In addition to the lease agreement, the Town and LGS Recreation would sign a separate Letter of Agreement under which LGS Recreation would reimburse the Town one-half of its actual costs for a Secretary II position, from January through June 2010. This Secretary II position is currently assigned to receptionist and related administrative duties at the Neighborhood Center. Under the proposed arrangement, the position would be assigned half-time to Neighborhood Center scheduling and basic information and referral duties, under the supervision of LGS Recreation. The other half of the position's time would be assigned to support the Community Services Department.

Because the amount of reimbursement contemplated under this agreement would be under the Town Manager's signatory authority, no resolution is required to authorize his execution of this Letter of Agreement.

Transition and Outreach Plans

Staff has met with LGS Recreation staff to begin to develop a transition plan. Staff believes that it will be key for the transition to be transparent to seniors who use the facility, in order to minimize confusion and potential dissatisfaction with the process. It is very important to ensure that seniors are and feel heard during the process of change, and that they get to know all the players on a personal, face-to-face level. The Town's goal is for seniors to know that they are receiving the same services they are receiving now, in the same place, just from different staff people. With these considerations in mind, an Outreach Plan has been developed to ease the transition from Town to LGS Recreation staff.

1. First, key stakeholders have been identified. This list includes the Town Council, the Community Services Commission, the Senior Consortium, regular patrons of the Senior Nutrition Program, regular patrons of the Brown bag program, members of the Happy Hoofers, and Senior Center volunteers.
2. Next, a one-page fact sheet has been developed that clearly explains the changes contemplated, their benefits, and information about key LGS Recreation personnel. This fact sheet includes both the Town and LGS Recreation logos, underlining the partnership between the two agencies. LGS Recreation has written an introductory letter that will be used along with the fact sheet. Both documents are attached to this report (Attachment 1).
3. Third, Town and LGS Recreation staff will meet together with the key stakeholders during the first two weeks of December. During these information presentations, the fact sheet will be distributed and the expanded senior services program will be explained.

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Most important to these meetings will be a question/comment period, during which the stakeholders can ensure their views are being heard by both agencies, as well as get any of their questions answered.

Community Services Commission

The Community Services Commission considered the proposed terms of the lease agreement at its November 19 meeting. The Commission unanimously adopted a recommendation that Council approve the agreement, with the understanding that the Town would continue to monitor and address senior needs.

123 E. Main Street

With regard to the building that LGS Recreation rents from the Town at 123 E. Main Street, LGS Recreation has requested a 1 to 3 year extension with the same lease terms as the current lease agreement. The fair market rent would be increased to the assessed value of \$2.50 per square foot, resulting in approximately \$4,400 in new revenue to the Town annually. Staff supports this approach for this facility. The resolution adopted by Council to authorize the Town Manager to sign the lease agreement also authorizes signature of amendments to the lease agreement; under this authority the Town Manager will sign an amendment extending the term of the lease and adjusting the fair market rent.

CONCLUSION:

This is a unique opportunity to provide expanded senior and community services at lower cost during these difficult economic and budgetary times. Staff recommends that the Council adopt a resolution authorizing the Town Manager to execute the "Lease Agreement Between Town of Los Gatos and Los Gatos-Saratoga Community Education and Recreation." Once the agreement is executed, LGS Recreation is prepared to occupy the Neighborhood Center and to begin its services as of January 2010.

ENVIRONMENTAL ASSESSMENT:

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

FISCAL IMPACT:

The proposed partnership between the Town and LGS Recreation would result in annual savings to the Town in FY 2009/10 of approximately \$160,000, and increased revenue of approximately \$62,000, a total benefit to the Town of approximately \$222,000.

In following fiscal years, the benefit to the Town will be in the range of \$250,000 to \$300,000 and will be a factor of several issues, including the adjustment of the lease amount by CPI, and whether the reimbursement arrangement for the Secretary II position is continued. Rent revenue will increase from \$90,000 in year 1 to approximately \$162,000 in year 5.

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MAYOR AND TOWN COUNCIL

SUBJECT: LEASE AGREEMENT BETWEEN TOWN OF LOS GATOS AND LOS
GATOS-SARATOGA COMMUNITY EDUCATION AND RECREATION

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The extension of the lease agreement for 123 E. Main Street would result in new revenue of approximately \$4,400 per year.

There are some rental monies that have been paid in advance to the Town for use of the Neighborhood Center, for the period January 1, 2010 to June 30, 2010, that would be transferred to LGS Recreation, as the new administrator of the facility. The total amount is approximately \$800.

Attachments:

1. Draft fact sheet and introductory letter
2. Draft Resolution of the Town Council of the Town of Los Gatos authorizing the Town Manager to execute the "Lease Agreement Between Town of Los Gatos and Los Gatos-Saratoga Community Education and Recreation" (with Exhibit A).

Distribution:

Steve Rauwolf, Los Gatos-Saratoga Community Education and Recreation
Avital Agam, Jewish Family Services
Barbara Smith, Ask Barbara
Bob Campbell, Sr. Housing Solutions
Eliana Brown, Live Oak Senior Nutrition and Services
Glenda Cresap, Heart of the Valley
Jane Doherty, The Los Gatos Meadows
Julie Groves, Therapy in Your Home
Karen Sepamansour, Santa Clara County Senior Care Commission
Linda Gallo, Town of Los Gatos
Lisa Rauch, San Jose State University- The Health Place
Lori Mathis, Second Harvest Food Bank
Mary Kelley, Live Oak Adult Day Services
Pam Bancroft, The Terraces
Tim Dupic, The Health Trust
Wanda Hale, Catholic Charities of San Jose



LGS | RECREATION

DRAFT



Date: November 23, 2010

We are pleased to announce a new collaboration between LGS Recreation and the Town of Los Gatos to expand the programming, services and operation of the Neighborhood Center beginning January 2010. As part of this joint venture we are excited to continue the support of the current senior activities, user groups and participants using the NHC and we're looking forward to the endless possibilities of new programming that we can provide the community in this facility.

LGS Recreation will continue to offer all current senior services and programs and work toward expanding all senior and adult services to meet the desires and needs of the community. The Town of Los Gatos will provide support of LGS Recreation efforts and continue to support those with extraordinary needs through an effective individual case management program. All current hourly rental and user groups utilizing the facility will continue to be supported and we will work toward strengthening those relationships to collaborate and provide a comprehensive level of service to the community.

The LGS Recreation and Town staffs are working closely together to insure a positive and smooth transition from not only the programming level of service but also the personal service that you receive. LGS Recreation and the Town staff are excited and enthusiastic about this new partnership and the opportunities for expanding services into the future as the adult and senior population continues to grow. We are looking forward to meeting with you and the individuals in your group in the near future!

We value your support and input on the programs and activities you are involved with. If you have and concerns or comments please feel free to contact us or stop by our offices in the NHC beginning January 4th, 2010. If you need to contact us before that time please call the LGS Recreation office at 408-354-8700 or Cindy McCarthy at 408-691-0309. For additional information please see the attached fact sheet.

Thank you for your Support

Cindy McCarthy
 Director of Recreation Services
 LGS Recreation

Regina Falkner
 Community Services Director
 Town of Los Gatos

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The Town of Los Gatos
and
Los Gatos-Saratoga Community Education and Recreation
are pleased to present



The Los Gatos Senior and Adult Recreation Center
208 E. Main Street, Los Gatos

What?

The Neighborhood Center is about to get a new name – and a whole new lease on life! Thanks to a partnership between the Town of Los Gatos and Los Gatos-Saratoga Community Education and Recreation (LGS Recreation), the new Los Gatos Senior and Adult Recreation Center will be open to the Los Gatos community beginning January 1, 2010. It will house the Los Gatos Senior Center and related support services for seniors, as well as expanded educational and recreational programs for seniors. The Town will still own the building, but LGS Recreation will be responsible for managing all of the services.

Why?

Why make a change to a successful senior services program in Los Gatos? Here are some reasons we think are important:

Improve services to seniors. The Town has had a successful senior services program over the last eight years. LGS Recreation also has a successful track record in providing services to seniors. Combining the proven ability of these two agencies is an effective way to improve services to Los Gatos seniors.

Maximize the benefit of the Neighborhood Center facility to the community. LGS Recreation needs more space; the Neighborhood Center, while well-used, is not at capacity. It's a win-win situation to provide LGS Recreation with the space it needs, and at the same time maximize the use of the facility for expanded education and recreation programming. For seniors, the Neighborhood Center will serve as a one-stop shop, where they can register for and attend LGS Recreation programs, and access supportive services.

Address future budget deficits. The Town organization is facing a budget deficit of approximately \$1.5 million in the next fiscal year. It is important that we explore every opportunity to provide services in new and more efficient ways. The partnership between the Town and LGS Recreation will result in significant cost savings to the Town. At the same time, senior services will be expanded, benefitting local seniors.

Who?

Who is LGS Recreation? It is a non-profit agency that was formed in 1956 through a joint powers agreement with the local school districts in Los Gatos and Saratoga. Its mission is to help build a healthy community by providing a wide range of education, recreation, and enrichment programs to the citizens of Los Gatos, Saratoga, Monte Sereno, and neighboring mountain communities.

How?

How do you get more information? Contact LGS Recreation at (408) 354-8700. Or, just stop by the Adult Recreation Center, 208 E. Main Street. We'll be happy to take you on a tour of the facility, and answer any questions you may have.

RESOLUTION 2009-

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
AUTHORIZING THE TOWN MANAGER TO EXECUTE THE
LEASE AGREEMENT BETWEEN TOWN OF LOS GATOS
AND LOS GATOS-SARATOGA COMMUNITY EDUCATION AND RECREATION**

WHEREAS, the Town of Los Gatos owns and operates the property located at 208 E. Main Street, Los Gatos; and

WHEREAS, the Town desires to enter into a long-term lease for this property with Los Gatos-Saratoga Community Education and Recreation, a local non-profit agency, for the purposes of operating a community center for adults and seniors; and

WHEREAS, Los Gatos-Saratoga Community Education and Recreation also desires to enter into a long-term lease for the property, and accepts the accompanying responsibility for providing services to adults and seniors.

RESOLVED, by the Town Council of the Town of Los Gatos, County of Santa Clara, State of California, that the Town of Los Gatos Town Manager is authorized to execute:

1. A Lease Agreement Between Town of Los Gatos and Los Gatos-Saratoga Community Education and Recreation substantially in the term of Exhibit A; and
2. Future amendments to the Agreement so long as they conform to the adopted Town budget.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 7th day of December, 2009 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:
MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

CLERK ADMINISTRATOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

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