



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 11, 2012

TO: Mayor and Councilmembers

FROM: Administration Division, Parks and Recreation Department

SUBJECT: Lease Agreement For Primo Boxing Club, Inc.

RECOMMENDATION: That Council:

- A. Authorize the Parks and Recreation Director to execute a one-year lease agreement with two additional one-year options for the Haley Street Youth Sports Center with Primo Boxing Club, Inc.; and
- B. Authorize a waiver of unpaid rents and penalties totaling \$23,250 for Primo Boxing, Inc., associated with City Lease Agreement No. 23,094.

DISCUSSION:

Background

Primo Boxing has leased the Youth Sports Center at 701 East Haley Street since 1993. During that time, Primo Boxing Club has provided a valuable service to the community of Santa Barbara by providing programming which engages youth most at risk of becoming affiliated with or affected by youth violence.

Over the years, Primo Boxing has struggled to generate sufficient funding to support their annual operation and stay current with their rent obligation to the City. In consideration of the unique services Primo Boxing provides to the Santa Barbara community, in April 2009, the City of Santa Barbara granted a waiver of \$33,760 in past-due rent and penalties under the lease and reduced the annual rent going forward by fifty percent to \$10,000 per year. This was done with the expectation that Primo Boxing would improve their financial viability and meet all financial and performance obligations of the lease.

Primo Boxing met their full rent obligation in Fiscal Year 2010; however, no rent was paid in Fiscal Year 2011 or Fiscal Year 2012. On August 9, 2011, the City served a notice of lease termination to Primo Boxing. Following a six-week extension granted by the City, on November 21, 2011, the Primo Boxing Board of Directors, submitted a

request that the City reconsider termination of the lease, citing a renewed commitment to support the organization. Over the next several months, staff met with the Primo Boxing Board as well as local foundations. Together, options were explored to improve the fiscal viability of Primo Boxing such that they might continue their lease of the Youth Sports Center and operate in a fiscally sustainable manner.

On June 22, 2012, the Primo Boxing Board of Directors submitted a revised proposal asking the City to continue the Youth Sports Center lease and waive the past-due arrears. Included with the proposal was a letter from The Fund for Santa Barbara detailing foundation commitments which had been secured. Specifically, the foundations agreed to provide Primo Boxing \$30,000 per year for Fiscal Year 2013, 2014 and 2015, as well as board development support to assist Primo in becoming a more sustainable operation.

Weighing the unique economic challenges faced by many small non-profit organizations over recent years, the unique services provided to Santa Barbara youth by Primo Boxing, and commitments made by the Primo Boxing Board of Directors, The Fund for Santa Barbara and other local foundations, City Council directed staff to negotiate terms of a new lease.

Proposed Fiscal Year 2013 Lease

Staff met with Primo Boxing representatives and Geoff Green, Executive Director of The Fund for Santa Barbara. It was agreed that funding from the foundations would be dedicated to rent before other operational expenses. Further, it was understood and agreed that the City will not consider any further waiver of past due rents and will immediately proceed with lease termination should rent payments not be paid in accordance with the terms of the lease.

The proposed lease includes a one-year term with two one-year options to renew providing all lease terms and conditions have been fulfilled, rent to remain at \$10,000 per year subject to any lease fee adjustments approved for community center lease rates by City Council as part of the annual budget, and that the City will waive \$23,250 in past due rent and penalties accrued under the lease that was approved in April 2009 (City Lease Agreement 23,094).

BUDGET/FINANCIAL INFORMATION: Annual rent (\$10,000) from the Primo Boxing lease is budgeted in the Parks and Recreation General Fund Fiscal Year 2013 budget. A waiver of the \$23,250 would result in a corresponding loss of revenue to the General Fund. No adjustment to the budget is needed for this revenue loss.

SUBMITTED BY: Nancy L. Rapp, Parks and Recreation Director

APPROVED BY: City Administrator's Office