

REPORT OF THE GENERAL MANAGER

NO. 03-126

DATE: April 16, 2003

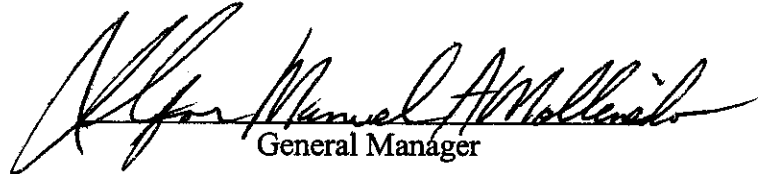
C.D. 8

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: EXPOSITION PARK - RESCISSION OF PREVIOUS PROPOSED LEASE AGREEMENT AND APPROVAL OF REVISED LEASE WITH "KIDS IN SPORTS" FOR OFFICE SPACE WITHIN THE EPICC SWIM STADIUM

J. Combs \_\_\_\_\_  
A. Corrales \_\_\_\_\_  
J. Duggan \_\_\_\_\_

H. Fujita \_\_\_\_\_  
J. Kolb \_\_\_\_\_  
B. Lukehart DL

  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

It is recommended that the Board:

1. Rescind approval of Board Report No. 03-91, approved by the Board at its meeting of March 20, 2003, which recommended approval of a proposed Lease Agreement, substantially in the form on file in the Board Office, between the Department and Kids In Sports for use of office space within the EPICC Swim Stadium;
2. Request that the City Council disapprove the aforementioned Lease Agreement;
3. Approve the revised proposed Lease Agreement, on file in the Board Office, between the Department and Kids In Sports for use of office space within the EPICC Swim Stadium;
4. Direct the Board Secretary to transmit the revised proposed Lease Agreement to the Mayor in accordance with Executive Directive No.16 for review and recommendation, and concurrently to the City Attorney for review as to form, and upon obtaining their approvals, request that the revised proposed Lease Agreement be forwarded to the City Council for approval; and,
5. Upon obtaining all required approvals, authorize the Board President and Secretary to execute the Lease Agreement.

SUMMARY:

On March 20, 2003, the Board approved Report No. 03-91 which approved a proposed Lease Agreement, substantially in the form on file in the Board Office, between the Department and Kids

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In Sports for use of office space within the Swim Stadium building at Exposition Park. Subsequent to that approval, certain changes to the lease have been agreed to by Department staff and representatives of Kids In Sports that are more than technical or clerical in nature.

Among these changes are three substantive revisions regarding indemnification, general liability insurance and default cure period. In accordance with the revised Lease Agreement, Kids In Sports will be required to maintain \$3 million worth of general liability insurance coverage instead of \$5 million in coverage; although the latter amount may be appropriate for major commercial leases, it has been deemed excessive for purposes of this Lease Agreement. In addition, since Kids In Sports will be one of several non-profit organizations sharing space at EPICC, the revised Lease contains reciprocal indemnification language which will provide Kids In Sports with some protection from claims that may be primarily focused on other entities operating at EPICC. Finally, an additional lease clause provides thirty days to cure for certain default situations, instead of providing for immediate termination by the City.

The subject project will consist of issuance of a lease to use space within an existing structure or facility involving negligible or no expansion of use, and therefore, is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article III, Section 1, Class 1 (14) of the City CEQA Guidelines.

The Department's Executive Management and the EPICC Executive Director concur with the recommendations set forth in this report. The Eighth District Councilmember supports a lease agreement between the Department and Kids In Sports for tenancy of office space at the EPICC Swim Stadium.

Report prepared by Drew Tolliffe, Real Estate and Asset Management Division.