



Department: Parks and Recreation
Cost Center: 7002
For Agenda of: 11/7/2023
Placement: Consent
Estimated Time: N/A

FROM: Greg Avakian, Parks & Recreation Director
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SUBJECT: AUTHORIZE ASSIGNMENT TO AND ASSUMPTION BY THE CHANNEL ISLANDS YMCA OF AN EXISTING FACILITY GROUND LEASE BETWEEN THE SAN LUIS OBISPO YMCA AND THE CITY OF SAN LUIS OBISPO

RECOMMENDATION

Approve the assignment to and assumption by the Channel Islands YMCA of an existing facility ground use agreement between the San Luis Obispo County YMCA and the City of San Luis Obispo for the use of a portion of Johnson Park, located at 1020 Southwood Drive, through February 28, 2050, and authorize the Mayor to execute the agreement.

POLICY CONTEXT

The City of San Luis Obispo Partnership and Foundation Policy states that “City resources can be used in partnership with others to create opportunities for otherwise unfeasible projects or programs.”

The San Luis Obispo County YMCA has a long-standing relationship with the City and is recognized as a community partner, as memorialized in a separate recreation partnership agreement, adopted by Council on February 21, 2017 (Attachment A). The Parks & Recreation Department works collaboratively to offer programming together and avoid duplication of efforts.

DISCUSSION

Background

On December 31, 1977, the City of San Luis Obispo and the San Luis Obispo County YMCA entered into a 50-year ground lease for a portion of Johnson Park, which commenced on March 1, 1978 (Attachment B). The leased property contains the YMCA’s headquarters facility, from which the YMCA has operated a variety of programs, ranging from health and fitness to childcare to family activities and community development. Over the last four decades, this ground lease has been amended three times, most recently in 2021, extending the lease through February 28, 2050. The purpose of this lease

extension was to provide assurance to donors that philanthropic gifts for facility maintenance and modifications could be used by the YMCA through their projected useful life.

Proposed Assumption of Lease by Channel Islands YMCA

Earlier this year, San Luis Obispo County YMCA (SLO YMCA) notified the City that they had merged with the Channel Islands YMCA. This merger essentially allows for administrative and other program efficiencies while maintaining a local advisory board that can work with the Channel Islands YMCA to ensure community and leadership connections.

On September 12, 2023, Eric Linkugel, Chair of the Board of Directors and Chief Volunteer Officer for the SLO YMCA, notified the City of the SLO YMCA's request to assign the lease to Channel Islands YMCA (Attachment C). No material changes to the lease agreement are requested by either party; should Council agree to assignment, SLO YMCA's rights and obligations under the existing lease will be transferred in their entirety to Channel Islands YMCA under the same terms and conditions of the 1978 lease as amended.

As required under the original 1978 ground lease, SLO YMCA's request to assign the lease includes a statement of Channel Island YMCA's qualifications to assume the lease, and the proposed Assignment agreement (Attachment D) includes an express assumption by the assignee (Channel Islands YMCA) of all covenants, conditions, terms, and obligations of this lease.

Previous Council or Advisory Body Action

On December 31, 1977, the City of San Luis Obispo and the SLO YMCA entered into a 50-year ground lease, which commenced on March 1, 1978.

On May 21, 1996, the City Council approved Amendment No. 1 to the Ground Lease, which confirmed the annual rent as \$1 per year for the ground lease and noted that outstanding debt was forgiven in its entirety.

On November 21, 2000, the City approved Amendment No. 2 by resolution, which extended the lease for five years to February 28, 2033. The amendment instituted several "clean-up" amendments to the lease agreement, including updating the language to reflect contemporary uses of the facility, allowing the YMCA to change its fee structure, and adding the City's non-discrimination policy.

On November 29, 2021, the City approved Amendment No. 3 by resolution, which extended the lease by another 17 years, to February 28, 2050.

CONCURRENCE

N/A

ENVIRONMENTAL REVIEW

As this is a request to assume an existing ground lease agreement with no adjustments to the type of usage or any foreseen environmental impact. Lease extension under the existing terms will not result in any impacts and is exempt under Cal. Code Regs. tit. 14 § 15378 (b) 5 as the action constitutes an administrative action that will result in any direct or indirect physical changes to the environment.

FISCAL IMPACT

Budgeted: N/A
 Funding Identified: N/A

Budget Year: 2023-2024

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	N/A	N/A	\$	N/A
State				
Federal				
Fees				
Other:				
Total	\$	\$	\$	N/A

Under the existing agreement, the YMCA is charged \$1.00 per year. The City is not requesting any changes to these terms, so there is no fiscal impact to this action.

ALTERNATIVES

Terminate the existing lease. This is not recommended, as the leased property contains the San Luis Obispo County headquarters for the Channel Islands YMCA and runs many existing programs. The organization is also a community partner.

ATTACHMENTS

- A - Recreation Partnership Agreement with the San Luis Obispo County YMCA
- B - Original Ground Agreement with YMCA and City of San Luis Obispo with Three (3) Amendments
- C - Request from SLO YMCA to assign lease
- D - Draft Assignment and Assumption of Ground Lease