

CITY OF YUBA CITY  
STAFF REPORT

**Date:** August 20, 2019  
**To:** Honorable Mayor & Members of the City Council  
**From:** Administration  
**Presentation By:** Diana Langley, Interim City Manager

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**Summary**

**Subject:** Sublease of the Madden House for the Yuba-Sutter Chamber of Commerce Offices

**Recommendation:** A. Approve the Yuba-Sutter Chamber of Commerce Sublease to the Yuba Sutter Lodging Association with the finding that the sublease serves a complementary purpose to the Chamber of Commerce  
B. Authorize the City Manager to sign future extensions of the lease with the Yuba-Sutter Chamber of Commerce and future subleases

**Fiscal Impact:** In May 2018, Council approved a lease of the Madden House to the Yuba-Sutter Chamber of Commerce in which the City will receive \$67,201 in rent over the five-year term of the lease

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**Purpose:**

Lease of the Madden House to the Yuba-Sutter Chamber of Commerce (Chamber).

**Background:**

Built in 1879, the Madden/Littlejohn House (House) was restored and gifted to the City as part of the Waremart Foods (Winco) development in 1997. As part of this gift, the property is limited in its uses for either community or public purposes. The House has been used primarily as offices for government agencies and other community uses including the Yuba Sutter Chamber from 2011 to 2016.

The Chamber is a regional chamber representing businesses throughout the Yuba-Sutter region. With a majority of the Chamber's members located in Yuba City, our local businesses directly benefit from the physical proximity to the Chamber's office.

The existing Covenants, Conditions & Restrictions on the property state that the property is to be used for community or public purposes. When the City was gifted the House, improvements were made to restore the building to its historical nature. All future uses need to ensure the integrity of the restoration and the proposed lease provides funding to maintain the house and make necessary improvements.

In May 2018, the City Council approved a lease (Attachment 1) with the Chamber with the following terms:

- Lease to expire on May 31, 2023
- Chamber can terminate the lease at any time
- Lease will be \$1 for the first year and increase to \$1250 the second year with an annual \$100 increase thereafter
- In exchange for the first year being \$1 the City will receive free sponsorships to a variety of Chamber events and be listed as chamber partner/sponsor
- Property to be used for Chamber business activities only, unless written authorization is given by the City
- The City will maintain the facility and the Chamber will be responsible for routine janitorial and utility costs
- Chamber will have an option to extend the lease for 60 months
- Chamber may sublet a portion of the Madden House for complementary purposes upon prior approval of the City and the Chamber shall remain the majority user during the lease,

**Analysis:**

Marni Sanders, Chief Executive Officer for the Chamber, contacted staff regarding a sublease (Attachment 2) of the Madden House to the Yuba Sutter Lodging Association (Lodging Association). In March 2017, Council approved the Yuba-Sutter Tourism Improvement District (YSTID) to fund marketing and sales promotion efforts for lodging businesses. The YSTID management plan established the Lodging Association to oversee the funds collected through the YSTID for the express purpose of promoting tourism in the Yuba Sutter region. Staff believes that this is a complementary use to the Chamber and recommends approval of the sublease.

As noted above, the Chamber has an option to extend the lease for 60 months. Staff is requesting that Council authorize the City Manager to sign future extensions of the lease with the Chamber and future subleases, provided they meet the terms of the lease.

**Fiscal Impact:**

The City will receive \$67,201 in rent from the Chamber over the five year term of the lease

**Alternatives:**

1. Do not approve the sublease to the Yuba Sutter Lodging Association
2. Do not authorize the City Manager to sign future extensions of the lease with the Yuba-Sutter Chamber of Commerce and future subleases.

**Recommendation:**

- A. Approve the Yuba-Sutter Chamber of Commerce Sublease to the Yuba Sutter Lodging Association with the finding that the sublease serves a complementary purpose to the Chamber of Commerce
- B. Authorize the City Manager to sign future extensions of the lease with the Yuba-Sutter Chamber of Commerce and future subleases

**Attachments**

1. Signed Chamber Lease
2. Sublease with Yuba Sutter Lodging Association

Prepared and Submitted By:

*/s/ Diana Langley*

Diana Langley  
Interim City Manager

Reviewed By:

Finance

City Attorney

RB

SLC by email

# ATTACHMENT 1

## LEASE

### Madden House, 1300 Franklin Road, Yuba City, California

THIS LEASE ("Lease") is made and entered into on May 15, 2018 by and between THE CITY OF YUBA CITY ("City"), and the Yuba-Sutter CHAMBER OF COMMERCE ("Chamber").

### RECITALS

A. The City owns the property consisting of land and a building (which is known as the "Madden House"), located at 1300 Franklin Road, 95993, in the City of Yuba City, California (the "Property"), which is described in Exhibit A, attached hereto and incorporated herein by reference.

B. The Madden House was built in 1879 and is linked to local history and contains unique Victorian architecture. The Madden House was gifted to the City in 1997 as part of the Waremart Foods Development and has been used primarily as offices for government agencies since that time.

C. The Chamber is a nonprofit corporation of voluntary membership, established to market the Yuba-Sutter area as the area of choice in which to live and do business by attracting, assisting, retaining and promoting its members. The Chamber promotes its members in a variety of ways, including referrals, ribbon-cutting ceremonies, its website, advertising, direct mail and sponsorship opportunities, various events throughout the year, and more.

D. City has determined that the Chamber performs a valuable civic/community service to the Yuba-Sutter area and its citizens

E. The Chamber desires to lease the Property for the Chamber's business and use the Property for the Chamber's office and administrative uses.

F. City desires to lease the Property to the Chamber.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Leasing of Property. City hereby leases to the Chamber and the Chamber hereby leases from the City, the Property.

2. Term.

(a) Term. The term of this Lease shall be for a period of 60 months commencing June 1, 2018 and expiring on May 31, 2023 (the "Term"). Chamber shall have the option to one 60 months extension of the Term by giving City written notice of the request for the extension at least 180 days before the expiration of the Term. Said extension shall extend the Term on all the provisions in this Lease except for the applicable rent which will be reevaluated and determined by the City to ensure that the City is being fully compensated.

3. Termination.

(a) Chamber's Right to Terminate. Notwithstanding the provisions of Section 2, the Chamber may request renegotiation or termination of this Lease in the event of unforeseen circumstances.

(b) Termination in the Event of Default. In the event that Chamber defaults under the provisions of this Lease, and Chamber shall not have cured such default within sixty (60) days following delivery by the City of written notice of such default to the Chamber, City shall have the right to terminate this Lease.

4. Rent. Chamber shall pay rent in advance, on a monthly basis on or before the first day of calendar month commencing on June 1, 2018. The monthly rent ("Rent") will be as follows:

- \$1 for the first year of the Lease.
- \$1,250 per month for the second year of the Lease.
- \$1,350 per month for the third year of the Lease.
- \$1,450 per month for the fourth year of the Lease.
- \$1,550 per month for the fifth year of the Lease

In exchange for the generous first year lease amount, the Chamber will provide the City with the following:

- Sponsor rights and recognition at the 2018 Taste of Yuba Sutter event with no cost entry for 8
- One table sponsorship for 8 at the 2019 Annual Chamber Gala and related recognition
- Sponsor recognition at each Business Connection Breakfasts for 12 months
- Recognition on the Chamber website as a partner/sponsor
- Other sponsor recognition opportunities as they arise in the first 12 months of the lease

5. Use. The Property shall be used for Chamber's business activities, including ancillary office and administrative uses, and for no other purposes without City prior written consent, which consent shall not be unreasonably withheld or delayed. No use shall be made or permitted to be made of the Property, nor acts done which will increase the existing rate of insurance upon Property or cause a cancellation of any insurance policy covering said Property, or any part thereof, nor shall Chamber sell, or permit to be kept, used, or sold, in or about said Property, any articles which may be prohibited by a standard form of fire insurance policy.

6. Security Deposit. City will not require payment of a Security Deposit by the Chamber.

7. Signs. Any exterior sign shall comply with the City's sign ordinance and pay for any modification to the existing sign.

8. Maintenance. The City shall maintain the Property in a good and sanitary condition. The Chamber will be responsible for all interior routine janitorial services. City will retain responsibility for maintaining the Madden House's building structure, landscaping and major

components including: exterior, roof, windows, doors, elevator, HVAC, electrical, plumbing and existing alarm system.

9. Historical Maintenance. City shall have no obligation to construct any tenant improvements or make any changes to the Property. Any future changes to the Property requested by the Chamber will require City Council approval and compliance with the State Architect's Office requirements for historic preservation. Chamber will allow for orderly public tours of the Madden House during normal business hours.

10. Insurance.

(a) Chamber agrees to keep in full force during the Term of this Lease, at Chamber's expense, commercial liability insurance to protect against any liability to the public, incident to the use of or resulting from any accident occurring in or about the Property, the liability under each such insurance to be no less than One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury, personal injury and City will insure property but need to insure the chamber has liability insurance

(b) Chamber will obtain a written obligation on the part of the insurance carriers to notify City in writing prior to any cancellation thereof, and Chamber agrees, if Chamber does not keep such insurance in full force and effect, the City may take out the necessary insurance and pay the premium, and the repayments thereof shall be deemed to be part of the Rent and shall be payable immediately upon receipt of written notification from the City of the amount due. All insurance to be carried by Chamber shall be primary to and not contributory with, any similar insurance carried by City. City's insurance shall be considered excess insurance only.

(c) Chamber shall deliver to the City certificates of coverage or copies of the policies of insurance that the Chamber is required to carry pursuant to this section within ten (10) days after execution of this Lease. The City shall be named as additional insured on all of Chamber's policies of insurance.

11. Furniture. City will leave and transfer the office furniture currently in the Madden House for use by the Chamber. Chamber accepts the furniture in an "as is" condition and assumes ownership of the same with no warranty of any kind from City. Chamber agrees to indemnify and hold harmless City for any liabilities or claims resulting from Chamber's ownership and use of the furniture.

12. Property Taxes; Assessments. City shall pay, before delinquency, all real property taxes, if any, assessed against the Property. The Chamber understands that under certain conditions, its control of the Property under this Lease may give rise to the imposition of a possessory interest or leasehold interest tax on the Property, and in such event, the Chamber agrees to pay when due any such possessory interest or leasehold interest tax

Personal Property Taxes. Chamber hereby agrees to pay before delinquent any and all personal property taxes arising by reason of Chamber's use or occupancy of the Property or the existence of Chamber's personal property on the Property.

13. Utilities. Chamber shall, in addition to all other sums agreed to be paid by Chamber under this Lease, pay for all utility costs including gas, electrical, telephone, water, sewer and cable. City shall provide trash service provided it is included as a component of the trash service provided at no cost to the City by the trash company.

14. No Encumbrance. Chamber shall not place, or cause to be placed or recorded, on the Property or any portion thereof any lien or encumbrance of any kind.

15. Successors and Assigns. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all the parties hereto.

16. Holding Over. Any holding over after the expiration of this Lease, if consented to by the City, shall be construed to be a tenancy from month-to-month. Either party may terminate a month-to-month tenancy upon sixty (60) days prior written notice to the other party.

17. Waiver. The waiver by either party of any breach or any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition therein contained. The subsequent payment of Rent by Chamber, or acceptance of Rent hereunder by City, shall not be deemed to be a waiver of any preceding breach by the other party of any term, covenant or condition of this Lease, other than the failure of Chamber to pay the particular Rent so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such Rent.

18. Attorney's Fees. In the event of any legal action concerning this Lease, the losing party shall pay to the prevailing party reasonable attorney's fees and court costs to be fixed by the court wherein such judgment shall be entered. The parties agree that prior to initiating litigation, they will engage in good-faith settlement discussions, including non-binding arbitration or mediation in an attempt to resolve any dispute.

19. Notices. All notices to be given hereunder shall be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, or delivered by personal or courier delivery, or sent by facsimile (immediately followed by one of the preceding methods), to the addresses indicated below, or to such other place as City or Chamber may designate in a written notice given to the other party. Notices shall be deemed served upon the earlier of receipt or three (3) days after the date of mailing.

To City:

Steve Kroeger, City Manager  
City of Yuba City  
1201 Civic Center Blvd.  
Yuba City, CA 95993

To Chamber:

Chamber Board President  
1300 Franklin Road  
Yuba City, CA 95991



20. Assignment or Subletting. Chamber shall not assign this Lease, or any interest herein. Chamber may sublease a portion of the Madden House for complimentary purposes upon the prior approval of the City. Chamber shall remain the majority user of the Madden House during this Lease.

21. Condemnation. If any part of the Property shall be taken or condemned for a public or quasi-public use, Chamber shall have the option to terminate this Lease. If any part of the Property shall be taken or condemned, all compensation awarded on such condemnation or taking shall go to the City and the Chamber shall have no claim thereto, and the Chamber hereby irrevocably assigns and transfers to the City any right to compensation for damages to which the Chamber may become entitled during the Term of this Lease by reason of condemnation of all, or part of, the Property.

22. Entry by City. Chamber shall permit City and its agents to enter into and upon the Property at all reasonable times, upon forty-eight (48) hours prior written notice and without interrupting Chamber's business in the Madden House for the purpose of inspecting the same or for the purpose of maintaining the Madden House or the Property, or for the purpose of making repairs, alterations or additions to the Madden House.

23. Compliance with Laws. Chamber shall, at Chamber's sole cost and expense, comply with all of the requirements of all Municipal, State and Federal laws and regulations now in force, or which may hereafter be in force, pertaining to Chamber's use and occupancy of the Property.

24. Free from Liens. Chamber shall keep the Property free from any liens arising out of any work performed, materials or obligations incurred by Chamber.

25. Remedies of City upon Default. If any Rent or other charges due under this Lease are due and remain unpaid for ten (10) days after receipt of notice from City, or if Chamber breaches any of the other covenants of this Lease and if such other breach continues for thirty (30) days after receipt of notice from City, City will then, but not until then, have the right to sue for Rent, and/or to terminate this Lease and re-enter the Property pursuant to California laws and statutes and pursuant to an order of a court of competent jurisdiction.

26. Time. Time is of the essence for each and every provision of this Lease.

27. Indemnification. Chamber agrees to protect, defend, indemnify, and hold harmless City and its officer, employees, agents and representatives, harmless from and against any and all liabilities, claims, expenses, losses and damages (including but not limited to reasonable attorneys fees and costs) that may at any time be asserted against City arising out of or in connection with this Lease, except to the extent caused by City's sole or active negligence or willful misconduct.

28. Non-Discrimination. The Chamber herein covenants by and for itself, and its executors, administrators, and assigns, and all persons claiming under or through it, that this Lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Property herein leased nor shall the Chamber, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference

to the selection, location, number, use, or occupancy, of tenants, subtenant, or vendees in the Property herein leased.

29. Integration. This Lease represents the entire agreement between the parties hereto and there are no collateral oral agreements or understandings.

30. Lease Provisions. If any section, term, or clause hereof is unenforceable, the remaining provisions of this Lease shall nevertheless remain fully effective.

31. Authority. City represents and warrants that:

(a) it has full power and authority to enter this Lease and to perform fully all its obligations hereunder;

(b) there are no judicial, quasi-judicial, administrative or other orders, injunctions, moratoria or pending proceedings against City, the Building or the Property which preclude or interfere with the occupancy and use of the Property for the purposes set forth in this Lease;

(c) the person executing and delivering this Lease on behalf of City has full authority to execute and deliver this Lease on behalf of City.

32. Governing Law. This Lease will be construed in accordance with, and be governed by, the laws of the State of California.

33. No Brokers. Neither party has had any contact or dealings regarding this Lease or the Property, or any communication in connection therewith, through any real estate broker or other person who is entitled to a commission or finder's fee in connection with this transaction. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any contact, dealings or communication with either party, then the party upon whose contact, dealings or communication the claim is based shall indemnify and hold the other party harmless from all costs and expenses (including attorneys' fees) incurred by such other party in connection with such claim.

IN WITNESS WHEREOF, City and Chamber have executed this Lease as of the day and year first above written.

City of Yuba City

By: \_\_\_\_\_  
Steve Kroeger, City Manager

Yuba-Sutter Chamber of Commerce

By:  \_\_\_\_\_  
Steve Hammarstrom, Board Chair

# ATTACHMENT 2

# SUBLEASE AGREEMENT

## **PARTIES:**

***THIS SUBLEASE, DATED 8/01/2019, IS EXECUTED BY AND BETWEEN*** Yuba Sutter Chamber Of Commerce whose address is 1300 Franklin Rd, Yuba City, California 95993 (hereinafter referred to as the "Sublessor") and Yuba Sutter Lodging Association (hereinafter referred to as the "Sublessee"). A copy of the original Lease is attached to this Sublease Agreement and is incorporated herein. The Sublessee agrees to comply with all the terms and conditions of the original Lease. Any conflicts between the provisions of this sublease and the foregoing original Lease shall be resolved in favor of the original Lease.

## **PREMISES:**

The Sublessor herein agrees to sublease to the Sublessee, and the Sublessee herein agrees to sublease from the Sublessor for the balance of the lease term, and upon all of the conditions set forth herein, the real property located at 1300 Franklin Rd, Yuba City in the County of Sutter, in the State of California and ZIP code of 95993, herein described as Upstairs eastside office. Said real property, including any land and any improvements thereon, shall hereinafter be referred to as the "Premises."

## **EMERGENCY CONTACT INFORMATION:**

If during the sublease any issues or problems arise with the Premises, the Sublessee agrees to contact Marni Sanders at the telephone number of 530-645-1620.

***WHEREAS***, In consideration of the mutual promises and covenants exchanged between the Landlord and the Sublessor and the Sublessee herein, it is hereby agreed as follows:

## **TERM:**

The term of this sublease shall be for a period of 1 year, commencing on 8/1/2019, unless otherwise stipulated herein.

## **DELAY IN COMMENCEMENT OF SUBLEASE:**

In the event that the Sublessor is not able to deliver possession of the Premises to the Sublessee on the aforementioned commencement date, the Sublessor shall not therefore be held liable, nor shall such failure affect the validity of this lease or obligations of the sublease hereunder or extend the term thereof, but in such case as a delay in commencement should occur, the Sublessee shall not be obligated to pay any rent until such time as the Sublessee takes possession of the Premises.

However, in the event that the Sublessor does not deliver possession of said Premises to the Sublessee within sixty (60) days from the aforementioned commencement date, the Sublessee may at their sole discretion, by way of written notice to the Sublessor, may cancel this Sublease, and at which time the parties shall be discharged and released from any and all obligations associated with this Sublease.

## **MONTHLY LEASE AMOUNT:**

The Sublessee shall pay to the Sublessor a monthly rental amount of \$750.00 on the First day of each month for the duration of this lease term. Upon the signing of this Sublease Agreement, the Sublessee shall pay to the Sublessor the first month's rent in advance.

All future monthly payments shall be mailed or hand delivered to the Sublessor at the

aforementioned address in paragraph one (1) or to such other person or place as the Sublessor may designate in writing.

**USE OF PREMISES:**

The Sublessee shall have complete use and control of the Premises for the duration of the Sublease Agreement, until such time as the sublease expires.

**CONDITION OF PREMISES:**

The Sublessor herein agrees to provide the following:

- 24/7 Access to Building. Key and security code will be provided
- Gas, electric, trash removal included
- Access to conference room with 2 weeks notice (Chamber meetings will have priority)
- Upstairs, eastside/middle office space provided
- Separate phone and phone line, copier/printer and WiFi access
- Executive desk (property of the Madden House)
- Office chair (property of the Chamber of Commerce)
- Use of bathrooms, kitchen and refrigerator
- Office includes two closets for storage of materials
- Neither the office nor the closets have locking capabilities.

**WASTE, NUISANCE OR UNLAWFUL USE:**

The Sublessee shall not cause or allow waste on the Premises, or maintain or permit to be maintained a nuisance on the Premises, or use or permit the Premises to be used in an unlawful manner.

**REDECORATION OR ALTERATIONS:**

The Sublessee shall not redecorate or make any alterations to the Premises, in any way, that would constitute the making of alterations, or repaint the walls or woodwork, without first obtaining Sublessor's written consent to the alterations or redecoration.

**BINDING EFFECT:**

This Sublease Agreement shall inure to the benefit of and be binding on the heirs, successors, executors, administrators and assignees of the parties.

**GOVERNING LAW:**

This Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of California.

The Sublessee states and warrants that s/he is of the age of majority, being of the age of 18 or older, and has the legal capacity to enter into a mutually binding contractual agreement.

The undersigned have read the foregoing Sublease prior to execution and hereby acknowledge receipt of a copy of this Sublease Agreement.

\_\_\_\_\_  
(Sublessor Signature)

**NAME:** Yuba Sutter Chamber of Commerce  
**ADDRESS:** 1300 Franklin Rd  
**CITY, STATE, ZIP:** Yuba City, California 95993  
**TELEPHONE:** 530-645-1620

\_\_\_\_\_  
(Dated)

\_\_\_\_\_  
(Sublessee Signature)

**NAME:** Yuba Sutter Lodging Association  
**TELEPHONE:** 530-200-0634

\_\_\_\_\_  
(Dated)

APPROVAL TO SUBLEASE PROPERTY

As Landlord, the City of Yuba City grants approval to the Yuba Sutter Chamber of Commerce to sublease a portion of the Premises to the Yuba Sutter Lodging Association for a term as set forth in the forgoing Sublease Agreement not to exceed one year, and subject at all times to the original Lease. The Landlord is not a party to the foregoing Sublease Agreement.

\_\_\_\_\_  
(Landlord Signature)

**NAME:** The City of Yuba City  
**ADDRESS:** 1201 Civic Center Blvd  
**CITY, STATE, ZIP:** Yuba City, California 95993  
**TELEPHONE:** (530) 822-4602

\_\_\_\_\_  
(Dated)

