

CITY OF YUBA CITY  
STAFF REPORT

**Date:** April 21, 2020  
**To:** Honorable Mayor & Members of the City Council  
**From:** Administration  
**Presentation By:** Terrel Locke, Assistant to the City Manager

**Summary**

**Subject:** Amendment to Lease of the Madden House for the Yuba-Sutter Chamber of Commerce Offices

**Recommendation:** A. Adopt a Resolution amending the Yuba-Sutter Chamber of Commerce Lease Agreement Dated May 15, 2018, for the use of the Madden House (1300 Franklin Road)  
 B. Authorize the City Manager to sign the amended lease agreement, with approval as to form by the City Attorney

**Fiscal Impact:** \$16,100 loss of General Fund Revenue to Account 100-46340 (Madden House Rent) and Account 301- 49511 (Lease Proceeds to Fund Projects)

**Purpose:**

Amendment to the Lease of the Madden House to the Yuba-Sutter Chamber of Commerce to provide for financial relief during COVID-19.

**Background:**

Built in 1879, the Madden/Littlejohn House was restored and gifted to the City as part of the 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.

In 2016, the City Council approved a lease to own agreement with the Chamber, where the Chamber would pay \$1 a year in rent and \$500 a month toward a capital improvement fund, capped at \$30,000, and pay for maintenance and utilities for the facility. The purchase option would be available in 2030. At that time, the Chamber paid \$9,000 a year in lease payments and the City paid for maintenance and utilities, not including staff time, of approximately \$9,000.

Between 2016 and 2018, the Chamber vacated the Madden House and moved to a location in Marysville. In 2018, the Chamber signed a new lease agreement with the City for the use of the Madden House (Attachment B), with a lease payment paid monthly by the Chamber. The revenue received from the Chamber lease payment is used to offset the cost of staff time for managing facility maintenance and to provide for funds for capital improvement projects for the historical building.

**May 2018 Lease Agreement:**

The terms of the 2018 lease Agreement are as follows:

\$1 for the first year of the lease (June 2018 – May 2019)

\$1,250 per month for the 2<sup>nd</sup> year of the lease (June 2019 – May 2020)

\$1,350 per month for the 3<sup>rd</sup> year of the lease (June 2020 – May 2021)

\$1,450 per month for the 4<sup>th</sup> year of the lease (June 2021 – May 2022)

\$1,550 per month for the 5<sup>th</sup> year of the lease (June 2022 – May 2023)

The current lease with the Chamber of Commerce expires on May 31, 2023.

In exchange for the first year discounted lease amount, the City received sponsorships and partner recognition at Chamber events and on their website.

### **Analysis:**

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. During the COVID-19 crisis, the Chamber is working hard providing information and resources to the City's business community.

On April 14<sup>th</sup>, Chamber CEO Marni Sanders contacted the City requesting either deferment or waiving of rental fees due to the financial impact the Chamber is experiencing from their member businesses being affected by COVID-19. Payroll and rent is the Chambers biggest expense, and they are already addressing payroll costs. The Chamber is current through April 2020 on their lease payments.

In order to assist the Chamber and their member businesses during COVID-19, staff is proposing to amend the May 2018 Lease Agreement and revert back to the terms of first year of the lease (June 2018 – May 2019), whereas the Chamber will pay \$1 rent for the year in exchange for sponsorship rights and recognition at all the Chamber events from May 2020 through April 2021 and the City will be listed as a business partner on the Chamber website. As of May 1, 2021, the lease would revert back to the original terms of the lease agreement.

The rent received from the Chamber is allocated to two accounts: Madden House Rent (FY 19/20 account balance \$4,500), and Madden House Proceeds to Fund CIP (FY 19/20 account balance \$ 5,500), for a total of \$10,000.

### **Fiscal Impact:**

The City will receive \$16,100 less in lease payments from the Chamber of Commerce from May 2020 thru April 2021 (12 months) in exchange for sponsorship rights and recognition to all chamber events. The loss of revenue may impact the availability of funds needed to maintain the historical building, however the City does not have any Capital Improvement projects planned in the near future (i.e. replacing the roof, etc.).

### **Alternatives:**

1. Defer the lease payments for a period of 6 months (May 2020 – October 2020) and determine a reasonable repayment plan. If this action is taken, then the Chamber will need to reimburse the City for the deferred payments over the life of the current lease through May 2023.
2. Defer the lease payments for a shorter or longer period of time.
3. Do not take any action to amend the lease and the Chamber will continue with current lease payments.

### **Recommendation:**

- A. Adopt a Resolution amending the Yuba-Sutter Chamber of Commerce Lease Agreement Dated May 15, 2018, for the use of the Madden House (1300 Franklin Road)
- B. Authorize the City Manager to sign the amended lease agreement, with approval as to form by the City Attorney

Attachments

- A. Resolution
- B. Signed Chamber Lease - 2018

Prepared By:

*/s/ Terrel Locke*  
Terrel Locke  
Assistant to the City Manager

Submitted By:

*/s/ Diana Langley*  
Diana Langley  
Interim City Manager

Reviewed By:

Finance  
City Attorney

SM  
SLC by email

# ATTACHMENT A

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY AMENDING  
THE YUBA-SUTTER CHAMBER OF COMMERCE LEASE AGREEMENT DATED MAY  
15, 2018 FOR THE USE OF  
THE MADDEN HOUSE (1300 FRANKLIN ROAD)**

WHEREAS, on May 15, 2018, the City Council of the City of Yuba City entered into a Lease Agreement for the property known at the Madden House located at 1300 Franklin Road in Yuba City; and,

WHEREAS, Yuba and Sutter Counties issued a Shelter-in-Place Directive due to the COVID-19 Pandemic beginning on March 19, 2020 at midnight; and,

WHEREAS, the Shelter-in-Place Directive has caused significant financial distress to businesses throughout the Yuba Sutter region; and

WHEREAS, as a result of the state of emergency and declared local emergency, including closure due to government orders, the Yuba-Sutter Chamber of Commerce experienced a substantial decrease in income which has directly affected the amount of available funds available to the Yuba-Sutter Chamber of Commerce; and,

WHEREAS, consistent with the Governor's Executive Order N-28-20 and N-37-20, the City desires to provide relief to its tenant, the Yuba-Sutter Chamber of Commerce; and

WHEREAS, said relief is in the public interest and serves a public interest including maintaining occupation of the facility by a tenant, as well as maintaining continuity of local businesses through the efforts of the Yuba-Sutter Chamber of Commerce, so as to help ensure continued local sales tax revenues and the resulting provision of public services.

**NOW BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF YUBA CITY AS FOLLOWS:**

That the City Manager is hereby authorized and directed to execute on behalf of the City of Yuba City an amendment to the Yuba-Sutter Chamber of Commerce Lease Agreement for the Madden House dated May 15, 2018, to revert back to the Rent and obligations consistent with the "first year of the Lease" as further described in Section 4 of the Agreement, to be applicable for the period of May 2020 – April 2021, subject to approval as to legal form by the City Attorney.

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 21<sup>st</sup> day of April 2020.

AYES:

NOES:

ABSENT:

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Shon Harris, Mayor

ATTEST:

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Terrel Locke, Deputy City Clerk

APPROVED AS TO FORM  
COUNSEL FOR YUBA CITY

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Shannon Chaffin, City Attorney  
Aleshire & Wynder, LLP

Attachment:

Lease Madden House, 1300 Franklin Road, Yuba City California

# ATTACHMENT B

## 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