

AGENDA COVER MEMORANDUM

Agenda Date: June 11, 2003

DATE: May 27, 2003

TO: Board of County Commissioners

DEPARTMENT: Management Services

PRESENTED BY: Jeff Turk, Property Management Officer 2

SUBJECT: ORDER/ IN THE MATTER OF AUTHORIZING THE COUNTY ADMINISTRATOR TO EXECUTE A ONE YEAR LEASE RENEWAL AND A ONE YEAR MANAGEMENT AGREEMENT WITH THE CITY OF OAKRIDGE FOR THE WILLAMETTE ACTIVITY CENTER AT AN EXPENSE OF \$50,000

1. **PROPOSED MOTION:** THE BOARD OF COUNTY COMMISSIONERS MOVES TO AUTHORIZE THE COUNTY ADMINISTRATOR TO EXECUTE A ONE YEAR LEASE RENEWAL AND A ONE YEAR MANAGEMENT AGREEMENT WITH THE CITY OF OAKRIDGE FOR THE WILLAMETTE ACTIVITY CENTER AT AN EXPENSE OF \$50,000
2. **ISSUE/PROBLEM:** The lease agreement for the Willamette Activity Center (WAC) and the agreement to have the City of Oakridge manage the facility for the County expires June 30, 2003. The proposed management agreement is for \$50,000 (same as the previous agreement). The county would lease the building for \$1.00.
3. **DISCUSSION:**

3.1 Background

The WAC is a former elementary school now owned by the City of Oakridge. The building is used as a community center and houses governmental and non-profit agencies which include Adult and Family Services a pre-school, Legal Aid, Senior Services, and food and

clothing distribution. County programs in the building are the Justice Court and H&HS. H&HS may discontinue its operations in the building for the upcoming fiscal year.

In 1990, the County entered into a lease agreement with the City of Oakridge whereby the County leased the WAC for a ten year period (through December, 2000) for \$1.00 per year. The lease requires the County to pay for all utilities, perform janitorial services and perform all maintenance and repair to the building including the roof, HVAC system and plumbing.

In concert with the lease, the County and City entered into an additional agreement whereby the County contracted with the City to have them perform management services for the County at the WAC. The management agreement shifts the County's responsibilities for payment of utilities, maintenance and repair to the City. In addition, the City is responsible for leasing space to other tenants, rent collection and providing an on-site manager.

The file notes that the impetus for entering into the agreements was to assist the City which was suffering severe economic distress at the time and the fact that the County was a major user of the building.

The lease and management agreement has been renewed annually, with some minor changes, since the expiration of the initial ten year period. There is no legal obligation for either party to enter into the agreement. The management fee paid to the City by the County is negotiated between the parties. Payments to the City averaged \$40,000 up until FY 95. The payments were offset by rents from other tenants which totaled approximately \$8,000 annually. In FY 96 and 97, payment to the City was \$50,000 and has remained at that level since (payments are made on a quarterly basis).

3.2 Analysis

The current lease and management agreements with the City of Oakridge is a vehicle to assist the city in providing services to the Oakridge community. The \$50,000 management fee paid to the city is likely more than a market rent would be for the Justice Court (market rent is estimated to be \$30,000 - \$35,000. Two years ago, the county did investigate other alternatives for the Justice Court which included leasing or purchasing alternate space or pooling with other governmental agencies (city and state) to acquire space. No other suitable space was available at the time.

The current lease and management agreements do need to run concurrently. In the absence of the management agreement, the county would be responsible for the maintenance and repair of the facility.

Funds have been budgeted for the management agreement for FY 04.

3.3 Alternatives/Options

1. Renew the lease and management agreements for FY 04 with payment of \$50,000.
2. Direct staff to negotiate different terms for the lease and management agreement.
3. Do not renew the management agreement or the current lease. Direct staff to negotiate a standard lease agreement with the city.

3.4 Recommendation

It is recommended that alternative No. 1 be implemented with the County Administrator given the necessary authorization to execute the agreements.

3.5 Timing

The agreement should be executed by 6/30/03 to maintain tax exempt status for the property.

4. **IMPLEMENTATION/FOLLOW-UP:** Upon approval by the Board of County Commissioners, the County Administrator will execute a management and lease agreement with the City of Oakridge for the period 7/1/03 – 6/30/04.
5. **ATTACHMENTS:**
Board Order
Lease Renewal
Management Agreement Renewal

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO. IN THE MATTER OF AUTHORIZING THE COUNTY ADMINISTRATOR TO
EXECUTE A ONE YEAR LEASE RENEWAL AND A ONE YEAR
MANAGEMENT AGREEMENT WITH THE CITY OF OAKRIDGE FOR THE
WILLAMETTE ACTIVITY CENTER AT AN EXPENSE OF \$50,000

WHEREAS, Lane County entered into a ten year lease agreement in 1990 with the City of Oakridge to lease from the City of Oakridge the Willamette Activity Center which houses the Oakridge Justice Court and

WHEREAS, Lane County and the City of Oakridge have annually entered into a separate agreement to have the City manage the Willamette Activity Center for the County and

WHEREAS, said lease and management agreements have been renewed annually since expiration of the initial ten year lease agreement with the current renewal expiring June 30, 2003 and

WHEREAS, the Board has deemed it in the best interest of the County to renew the lease and management agreements through June 30, 2004

IT IS HEREBY ORDERED that pursuant to ORS 190.010 the County Administrator is authorized to execute a renewal of the lease and management agreements through June 30, 2004 substantially similar to attached exhibit "A" and that said management agreement shall not exceed \$50,000.

DATED this _____ day of _____, 2003.

APPROVED AS TO FORM

Date 6-2-03 lane county


OFFICE OF LEGAL COUNSEL

Peter Sorenson, Chair
Lane County Board of Commissioners

IN THE MATTER OF AUTHORIZING THE COUNTY ADMINISTRATOR TO EXECUTE A ONE YEAR LEASE RENEWAL AND A ONE YEAR MANAGEMENT AGREEMENT WITH THE CITY OF OAKRIDGE FOR THE WILLAMETTE ACTIVITY CENTER AT AN EXPENSE OF \$50,000

EXHIBIT "A"

**LEASE AGREEMENT AND MANAGEMENT CONTRACT EXTENSION
FOR THE WILLAMETTE ACTIVITY CENTER**

WHEREAS, The City of Oakridge (CITY), an Oregon Municipal Corporation, and Lane County (COUNTY), a political subdivision of the State of Oregon, entered into a lease agreement whereby COUNTY leased from CITY through December 31, 2000 CITY owned property commonly known as the Willamette Activity Center and

WHEREAS, said lease agreement has been extended in one year increments with the most recent extension expiring June 30, 2003 and

WHEREAS, said lease agreement provided for CITY and COUNTY to enter into a separate agreement whereby CITY would provide management and maintenance services for COUNTY at the Willamette Activity Center and

WHEREAS, CITY and COUNTY entered into such an agreement on June 28, 1992 and said agreement expired June 30, 1996 and was extended in concert with said lease agreement through June 30, 2003

NOW, THEREFORE, CITY and COUNTY wish to extend both the lease and management agreement from July 1, 2003 through June 30, 2004 subject to the following:

1. COUNTY shall retain the right to terminate the lease and management agreement effective July 1, 2004 without further obligation to CITY.
2. Payment by COUNTY to CITY for CITY'S management services shall remain at \$50,000 payable in quarterly payments of \$12,500.

All other provisions of the original lease agreement and original management and maintenance agreement including the terms and conditions of extensions and amendments thereto not affected by this agreement shall remain in full force and effect.

CITY OF OAKRIDGE

LANE COUNTY

Jay Bennett, Administrator

William VanVactor, Administrator

Dated

Dated