



CITY COUNCIL STAFF REPORT

DATE: February 6, 2013

NEW BUSINESS

SUBJECT: APPROVE AMENDMENT NO. 1 TO THE LEASE AGREEMENT BETWEEN THE CITY OF PALM SPRINGS AND THE COACHELLA VALLEY ECONOMIC PARTNERSHIP (CVEP) FOR EXPANSION OF THE COACHELLA VALLEY INNOVATION HUB (CVIHUB) ACCELERATOR CAMPUS LOCATED AT 2901 EAST ALEJO ROAD AND AMENDMENT NO. 2 TO THE ADMINISTRATIVE SERVICES AGREEMENT.

FROM: David H. Ready, City Manager

BY: Community & Economic Development

SUMMARY

The City Council will consider an amendment to the lease and administrative agreement with the Coachella Valley Innovation Hub to provide funding and an additional 3,500 square feet of space to the Accelerator Campus at the Palm Springs International Airport.

RECOMMENDATION:

1. Approve Amendment No. 1 to the Lease Agreement between the City of Palm Springs and CVEP to add Building 5, consisting of 3,500 s/f.
2. Approve Amendment No. 2 to the Administrative Services Agreement between the City of Palm Springs and CVEP to add rental fee for Building 5.
3. Authorize the City Manager to execute all necessary documents.

STAFF ANALYSIS:

The Coachella Valley Innovation Hub (CViHub) Program is a regional partnership between the cities of Palm Springs, Desert Hot Springs and Cathedral City, managed by the Coachella Valley Economic Partnership (CVEP), and focused on growing and mentoring start up companies, primarily in the renewable energy and clean/green technology industries.

On October 17, 2012, the City Council approved a Lease Agreement and an amendment to the Administrative Services Agreement with CVEP, to oversee the second phase incubator ("Accelerator Campus"), located in portions of the City-owned Airport. The original leased premises consist of three buildings totaling 9,840 s/f of space specifically for CViHub clients to conduct research and development, prototype and commercialization of products or services.

The Accelerator Campus is fully funded by the City of Palm Springs.

The significant success of the CViHub presents an opportunity to expand services for CViHub clients who need larger work space to further test and develop their products or services, but who could still benefit from CViHub support and services. The Lease Amendment adds more space at the Accelerator Campus, which is needed for iHub client use. The additional space will accommodate a specific iHub client engaged in new wind turbine development.

The proposed Lease Amendment adds Building 5 to the Accelerator Campus (originally Buildings 3, 12 and 13), an additional 3,500 square feet to the Accelerator Campus and an increase in the monthly rental fee of \$840.00, raising the monthly rent from \$2,361.60 to \$3,201.60. The Amendment will add Building 5 (3,500 s/f) for an overall total of 13,340 square feet)

FISCAL IMPACT:


The City appropriated \$75,000 for the creation of the CViHub Accelerator Campus in Fiscal Year 2012-13. The current funds appropriated are allocated to \$45,000 for tenant improvements for Buildings 3, 12 and 13, and \$30,000 is paid as rent to the Airport.

No further tenant improvements are required for Building 5.


The proposed rent increase in the amount of \$10,800, will be paid from a \$30,000 CViHub SBA/SBDC Grant received in fiscal year 2011-12.

It is anticipated next year, and in future years, CVEP will request the annual base of \$38,500 rent will be paid by the City. This would be a continuing and on-going General Fund expenditure. The tenant improvements are a one-time cost.

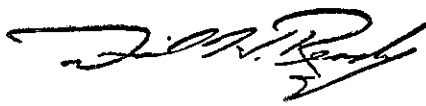
The other iHub cities of Cathedral City and Desert Hot Springs contribute to the iHub Program but not the Accelerator Campus.



John Raymond, Director
Community & Economic Development



Cathy Van Horn, Administrator
Community & Economic Development



David H. Ready, City Manager

Amendment No. 1
Lease Agreement
City of Palm Springs (Lessor) and
Coachella Valley Economic Partnership (Lessee)

The Lease between the City of Palm Springs and the Coachella Valley Economic Partnership, executed on November 9, 2012 shall be amended as follows:

1.1 Property: The "Property" shall refer to that certain real property consisting of four buildings totaling approximately 13,340 square feet, located in the County of Riverside, State of California, as more particularly described in Exhibit "A": hereof together with the improvements located thereon as depicted on the Plot Plan attached as Exhibit "B" hereof.

1.2 The Premises: The Premises shall consist of that certain portion of the building, as defined, herein, including all improvements therein or to be provided by Lessor under the terms of this Lease, and commonly known as 2901 East Alejo Road, located in the City of Palm Springs, County of Riverside, State of California, also identified as a portion of Assessor Parcel Number 502-100-029 and generally described as two modular office spaces (Building 12 & 13) consisting of approximately 1,920 square feet, one warehouse/manufacturing structure (Building 3) consisting of approximately 6,000 square feet, and a service garage structure (Building 5) consisting of approximately 3,500 square feet, all as shown on the plot plan attached as Exhibit "B".

1.5 Monthly Rent: Rental payment shall be \$3,201.60 per month for the space exclusively used by Lessee. Common area spaces such as landscape and parking areas shall not be included as part of the square footage calculation for the period of the term.

All other terms and conditions remain the same.

IN WITNESS WHEREOF, the parties have duly executed this Lease Amendment No. 1 together with the herein referred to Exhibits which are attached hereto, on the day and year signed below.

"Lessor"

CITY OF PALM SPRINGS, a Municipal Corporation

By: _____
Its: _____

ATTEST:

By: _____
James Thompson, City Clerk

"Lessee"

Coachella Valley Economic Partnership

By: _____
Its: _____

APPROVED AS TO FORM:

By: _____
Douglas Holland, City Attorney

Date: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PREMISES

Location and Address:

2901 East Alejo Road, Palm Springs, California, 92262. These buildings are located on property of the Palm Springs International Airport.

Assessor's Parcel Number:

Portion of 502-100-029

Legal Description:

A portion of 3.25 acres M/L in POR LOTS 1,2 & 3 MB 014/652 SD PALM VALLEY COLONY LANDS

Ownership/Vesting:

City of Palm Springs

EXHIBIT "B"

CViHub Accelerator Campus 2901 E. Alejo Road, Palm Springs, CA 92262

| Building # | Facility Type | S/F | Description |
|-----------------------------|-------------------------|--------|---|
| 1 | Warehouse | 9,600 | Concrete tilt-up built in 1961; clear height of 14' w/roll-up delivery door. |
| 2 | Small office | 640 | Administrative office |
| 3 | Shop Warehouse | 6,000 | Woodshop and maintenance building |
| 4 | Lunch Room | 640 | Employee lounge-break room M & W restroom-nonconforming |
| 5 | Mechanic's Facility | 3,500 | Vehicle maintenance facility; 3 sets of drive-thru rollup doors with one at 14' high x 12' wide |
| 6 | Storage building | 2,100 | Storage building (to be removed) |
| 8 | Small Warehouse | 1,800 | Small warehouse storage building |
| 9 | Welding Shop | 960 | Welding shop |
| 10 | Cold Storage Facility | 12,487 | Concrete tilt-up built in 1999 w/freezer & cooler. 25' clear ceilings and 30' column spacing. Truck well, small office. |
| 12 | Small Office | 1,920 | Office building -divided into 2 bays - open space |
| 13 | Small Office | 1,920 | Office building - divided into offices and conference room, restroom |
| 28 | Print-Graphics Shop | 2,240 | Print shop facility, open space with some divided office space |
| | Available Sq.Ft. | 43,807 | Once building 6 removed total square footage = 41,707 s/f |
| 6 | Remove building | -2,100 | |
| | Actual Available Sq.Ft. | 41,707 | |
| * CViHub Accelerator Campus | | 13,340 | \$0.24 per s/f per month = \$3,201.60x12=\$38,419.20 annually |

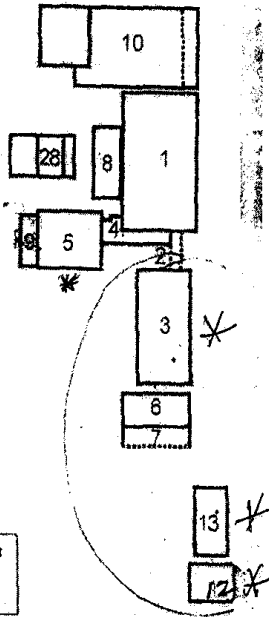
PARCEL #35 FACILITY & SITE DIAGRAM

Facility Inventory

| | | |
|-------------------------|-----------------------------|-----------|
| 1. | Warehouse building | 9,600 SF |
| 2. | Admin offices | 640 SF |
| * 3. | Shops building | 6,000 SF |
| 4. | Employee lounge | 640 SF |
| 5. | Service garage | 3,500 SF |
| 6. | Storage building | |
| 7. | Storage shed | |
| 8. | Warehouse building | 1,800 SF |
| 9. | Auto shop building | 900 SF |
| 10. | Food service warens | 12,487 SF |
| * 12. | Maintenance offices | 1,920 SF |
| * 13. | Maintenance offices | 1,920 SF |
| 28. | Modular print graphics | 2,240 SF |
| Building Square Footage | | 41,707 SF |

Total Square Footage

Site Diagram



For Further Information Go To:
<http://lesco.evm.com/ppp/>

*Parcel #35 has been reduced from 4.67 Ac to approximately 3.25 Ac (1.25 Ac for buildings #3, #12, & #13). The 1.42 acres is sectioned off for other purpose at the airport. The remaining 2 acres is allocated for the remaining buildings. Storage sheds #6 & 7 are to be torn down.



**CITY OF PALM SPRINGS
&
COACHELLA VALLEY
ECONOMIC PARTNERSHIP**

**Amendment No. 2 to an
Administrative Services Agreement
July 1, 2011 to June 30, 2013**

**Addition of an "Accelerator Campus" to the
Operation and Management
of the
Coachella Valley Innovation Hub
(CViHub)**

AMENDMENT NO. 2 TO AN ADMINISTRATIVE SERVICE AGREEMENT

This Amendment No. 2 to an Administrative Service Agreement ("Agreement") is made this _____ day of _____, 2013 between City of Palm Springs ("City") and the Coachella Valley Economic Partnership ("CVEP").

The City and CVEP, hereafter referred to as the "Parties", hereby amend the Agreement as follows:

Section "3" CVEP Obligations and Responsibilities shall be amended and restated to include the following:

F.2. Phase II Incubator (Accelerator Campus)

CVEP shall lease from the City four (4) buildings totaling 13,340 s/f located at 2901 East Alejo Road for the Accelerator Park. These four (4) buildings have been identified as suitable incubator space. Two of the three buildings are modular in construction. A plot plan of the site showing the four (4) buildings is included as Attachment "B" to this Amendment.

Section "4" City Funding shall be amended and restated to include the following:

4. City Commitment

The City of Palm Springs has appropriated the amount of \$75,000 during the City's 2012-2013 budget process for the rental and tenant improvements for the CViHub Phase II Program (Accelerator Campus) for Buildings 3, 12, & 13. The City shall appropriate an additional \$10,080.00 for the increase in square footage due to the addition of Building 5 (3,500 s/f). This funding is intended to cover the first year's lease cost plus a substantial portion of the early phases of the building tenant improvements.

In addition, to the extent resources are available, the City, which includes the Palm Springs International Airport, shall also provide the following:

- Waiver of Development Fees for the project;
- Demolition of Buildings 6 & 7 (shed) and repair of the shed's base (foundation) and slope to meet ADA requirements;
- Replace/repair roof and HVAC system, if necessary;
- Perimeter landscape cleanup and regular maintenance;
- Separate SCE, water, gas meters per building to allow individual building metering (or, alternatively, a single meter for the three buildings).

11. Modification:

Except as otherwise provided herein, the Administrative Service Agreement shall be and remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 2 to An Administrative Service Agreement as of the dates stated below.

**“CITY”
City of Palm Springs**

Date: _____

By: _____
David H. Ready
City Manager

APPROVED AS TO FORM:

ATTEST:

By: _____
Douglas C. Holland,
City Attorney

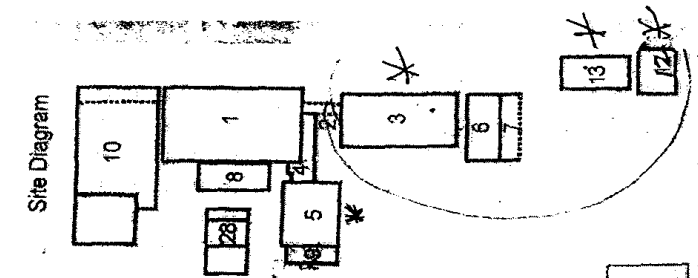
By: _____
James Thompson,
City Clerk

**“CVEP”
Coachella Valley Economic Partnership**

Date: _____

By: _____
Thomas Flavin
President/CEO

PARCEL #35 FACILITY & SITE DIAGRAM



| Facility Inventory | Square Footage |
|--------------------------------|------------------|
| 1. Warehouse building | 9,600 SF |
| 2. Admin offices | 840 SF |
| * 3. Shops building | 6,000 SF |
| 4. Employee lounge | 640 SF |
| 5. Service garage | 3,500 SF |
| 6. Storage building | |
| 7. Storage shed | |
| 8. Warehouse building | 1,800 SF |
| 9. Wash-shop building | 500 SF |
| 10. Food service warrens | 12,487 SF |
| * 12. Maintenance offices | 1,920 SF |
| * 13. Maintenance offices | 1,920 SF |
| 28. Modular print graphics | 2,240 SF |
| Building Square Footage | 41,707 SF |

For Further Information Go To:
<http://tessa.rva.com/pap/>

Total Square Footage

*Parcel #35 has been reduced from 4.67 Ac to approximately 3.25 Ac (1.25 Ac for buildings #3, #12, & #13). The 1.42 acres is sectioned off for other purpose at the airport. The remaining 2 acres is allocated for the remaining buildings. Storage sheds #6 & 7 are to be torn down.