

MEMORANDUM

TO: Governing Board Members
FROM: Doug Bergstrom, Director Administrative Services
DATE: September 8, 2011
SUBJECT: Day Care Facility Lease Contract # C-5344-A05

Background:

The Day Care Facility was constructed in 1991 under a twenty-five (25) year Construction and Operating Agreement. Under that agreement, the developer built and owns the facility for the period of the agreement. At the end of the agreement the facility will be turned over to the District free and clear. The District's responsibility is to ensure that the facility is leased. Under a 1994 agreement the District leased the facility from the developer and is sub-leasing the facility to a child care operator, Creative Children's Learning Center (CCLC). Five years remain on the Construction and Operating Agreement, and this lease has one remaining five year option term. This Amendment covers the remaining five (5) year option term. The costs of this lease are partially off-set by the revenue from the sub-lease with the day care operator CCLC.

How this helps meet the District's 10 Year Strategic Plan:

This lease supports the goal of the district to attract, retain and develop a high-performance, team-oriented and diverse workforce.

Funding Source:

The lease is funded through ad valorem sources and is not to exceed \$883,836.02, of which \$153,690.86 is budgeted for FY12 and the remainder is subject to Governing Board approval of the FY13-16 budgets.

This Board item impacts what areas of the District, both resource areas and geography:

This item impacts the District headquarters facility. The General Services Section will provide lease oversight and administration.

What concerns could this Board item raise?

This is a long term commitment entered into in 1990. The lease costs are partially off-set by the sub-lease with day care operator CCLC. This revenue has averaged around \$90,000 per year over the past five years.

Why should the Governing Board approve this item?

Terminating this lease would require the termination of the sub-lease and the loss of the off-setting revenue, but would not relieve the District of the responsibility for the lease amount which was established under the 1990 agreement with the developer.

If you have any questions, please do not hesitate to call me at ext. 6214.

DB/
Attachment - Resolution