



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
December 16, 2009**

TO: Mayor and City Council

FROM: Karen L. Majors, Assistant City Manager Community and Economic Development

SUBJECT: Appropriation of funds in the amount of \$250,000 over a five year period for the Extension of Lease Agreement with Bisio for the Campbell Theater and Extension of Willows Sublease Agreement and Financial Commitment regarding the Campbell Theater

DATE: December 10, 2009

RECOMMENDATION:

Consider the following actions:

- A. Appropriating \$250,000 in undesignated fund balance to fund the 5 year extension of the of the Lease Agreement with Bisio for the Campbell Theater; and
- B. Accepting the commitment from the Willows Theater Board to extend the Sublease Agreement and to pay for certain Campbell Theater rent increases; and
- C. Authorizing the City Manager to negotiate amendments to the 2004 Sublease Agreement with the Willows Theater Board to effectuate the sublease extension and to incorporate payment of CPI rent increases.

BACKGROUND:

The City of Martinez has long been committed to the expansion of cultural and performing arts. The Willows Theater has provided performing arts at various local venues including the Campbell Theater, the John Muir Amphitheater and the Alhambra High School Performing Arts Theater and now undertakes their production operations and activities at the Kenny Building located adjacent to the amphitheater.

In January, 2005 the City of Martinez entered into a Lease Agreement with Bisio for 636 Ward Street in which the Willows Theater Company would improve the building to accommodate cabaret style theatrical performances and sublease the new theater for five years. The former automotive repair shop required improvements that included building upgrades such as structural strengthening, fire sprinklers, ADA compliance, HVAC and bathrooms necessary to accommodate an “assembly” type occupancy.

The initial lease term was five years that ran from January, 2005 thru December, 2009. To date the City has paid just under \$225,000 during the initial rent period. The Lease agreement also includes an option to extend the lease for an additional five years.

The rental rate for the second 5 year period begins at \$4,000 per month and is increased annually by the U.S. Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the San Francisco-Oakland, California area (CPI). This additional five year financial commitment is estimated to be approximately \$250,000.

In a companion document, the City of Martinez entered into a Sublease agreement with the Willows Theater Company to, as mentioned above, make certain improvements to the theater and commit to use the improved building for theatrical performances for five years expiring in December 31st, 2009. The attached letter from the Willow Theater Board (Attachment 1) demonstrates their commitment to extend the current sublease to December 31st, 2014 consistent with the term of the City's new five year extension with Bisio and to pay the annual CPI increases in years 2011-2014.

FISCAL IMPACT:

Approval of the 5 year lease extension of 636 Ward Street will require the appropriation of \$250,000 from the City's undesignated fund balance.

ACTIONS:

Consider the adoption of the attached resolution (Attachment 2) approving the following actions:

- A. Appropriating \$250,000 in undesignated fund balance to fund the 5 year extension of the Lease Agreement with Bisio for the Campbell Theater.
- B. Accepting the commitment from the Willows Theater Board to extend the Sublease Agreement and to pay for certain Campbell Theater rent increases; and
- C. Authorizing the City Manager to negotiate amendments to the 2004 Sublease Agreement with the Willows Theater Board to effectuate the sublease extension and to incorporate payment of CPI rent increases.

Attachments:

- 1) Proposed Resolution
- 2) Letter of commitment from the Willows Theater Company Board President

APPROVED BY:



City Manager

RESOLUTION NO. -09

APPROPRIATING \$250,000 IN UNDESIGNATED FUND BALANCE TO FUND THE 5 YEAR EXTENSION OF THE LESE AGREEMENT WITH BISIO FOR THE CAMPBELL THEATER (636 WARD STREET), ACCEPTING THE COMMITMENT FROM THE WILLOWS THEATER BOARD TO EXTEND THE SUBLEASE AGREEDMENT AND TO PAY FOR CERTAIN RENT INCREASES, AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AMENDMENTS TO THE 2004 SUBLEASE AGREEMENT TO EFFECTUATE THE SUBLEASE EXTENSION AND TO INCORPORATE THE PAYMENT OF CPI RENT INCREASES

WHEREAS, the City of Martinez has long been committed to the expansion of cultural and performing arts; and

WHEREAS, local cultural and performing arts serve to promote economic development and downtown revitalization; and

WHEREAS, the Willows Theater Company has provided performing arts at various local venues in Martinez including the Campbell Theater, the John Muir Amphitheater and the Alhambra High School Performing Arts Theater and now undertakes their production operations and activities at the Kenny Building located adjacent to the amphitheater; and

WHEREAS, in January, 2005 the City of Martinez entered into a Lease Agreement with Bisio for 636 Ward Street in which the Willows Theater Company improved the building with contributions and a loan with the City of Martinez to accommodate cabaret style theatrical performances and a sublease with the Willows Theater Company to operate the new theater for 5 years; and

WHEREAS, the City Council finds it in the best interest of the community to extend the lease with Bisio and the sublease with the Willows Theater Company both for an additional 5 years; and

WHEREAS, in order to fund the 5 year lease extension with Bisio, the city must appropriate \$250,000 from unrestricted reserves and accept the commitment from the Willows Theater Company to pay the CPI index based rent increases in years 2011-2014.

NOW, THEREFORE, BE IT RESOLVED that the Martinez City Council does hereby appropriate \$250,000 in undesignated fund balance to fund the 5 year extension of the of the Lease Agreement with Bisio for the Campbell Theater, accept the commitment from the Willows Theater Board to extend the Sublease Agreement and to

pay for certain Campbell Theater rent increases, and authorize the City Manager to negotiate amendments to the 2004 Sublease Agreement with the Willows Theater Board to effectuate the sublease extension and to incorporate payment of CPI rent increases.

* * * * *

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 16th day of December, 2009, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ



December 10, 2009

Mayor Rob Schroder
Members of the Martinez City Council
City of Martinez
525 Henrietta Street
Martinez, California 94553

Dear Mayor Schroder and Members of the Martinez City Council

On behalf of the Willows Theatre Board, I would like to thank the City of Martinez, its residents and businesses for the overwhelming support of our cultural arts endeavors in Martinez over the last decade. Our most recent financial challenges forced us to consolidate our theatrical operations. Based upon this overwhelming support recently and over the last decade, our Board chose to consolidate its operations in Martinez.

The Willows had 2,400 season tickets subscribers at our recently closed Concord venue. The Board offered to exchange the tickets from that venue to the Martinez Campbell Cabaret. To date, more than 2000 Concord subscribers have transferred to Martinez. Fewer than two percent of the Concord patrons declined the offer (the Willows have yet to hear from the remaining 400 subscribers). This is another overwhelming vote of confidence for live theatre in Martinez.

The Willows Theatre Board understands that the City of Martinez elected to exercise the five year option to extend the lease on the Campbell Theater (Bisio property) last June prior to being made aware of our recent financial challenge. It is also our understanding that at the December 16th City Council meeting the City must appropriate funds to cover this rent over the next 5 years. The annual rent begins at \$4,000.00 per month and increases each year by the U.S. Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the San Francisco-Oakland, California area (with a 3% and 6% minimum and maximum caps). We acknowledge that the City of Martinez is making a major financial commitment to cultural arts in a very challenging economic climate and does so to implement the community's goal to create a vibrant downtown.

Based upon this commitment the Willows Theater Board agrees to extend our Sublease Agreement with the City of Martinez (agreement dated December, 2004) from December 31, 2009 to December 31, 2014 which is consistent with the new 5 year option that the City is committing to with Bisio for the Campbell Theater. The Willows Theater Board further commits to paying the annual CPI increase referenced above during the new 5 year option period. The Willows Theater Board will work diligently with the City Manager to develop an agreement or amendments to existing agreements to effectuate this commitment.

Again, on behalf of the Willows Theater Board, we look forward to continuing our mutually beneficial relationship and sincerely thank the City of Martinez for your commitment.

Sincerely,

A handwritten signature in cursive script that reads 'Charles R Lewis, IV'. The signature is written in black ink and is positioned above a horizontal line.

Charles R Lewis, IV
Board President
Willows Theatre Company