



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Enter into Fifth Amendment to World of Wonders Science Museum Lease

MEETING DATE: April 17, 2013

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution authorizing City Manager to enter into Fifth Amendment World of Wonders Science Museum lease.

BACKGROUND INFORMATION: The City of Lodi received the attached letter from the Board of Directors of the World of Wonders (WOW) Science Museum requesting that the Council consider amending the current lease agreement. Specifically, the WOW Board requests the Council extend the commencement of rent obligations by 10 additional years, but staff is recommending it be extended five additional years with options to extend an additional three years and then two years for a total of 10 years.

WOW entered into an agreement with the City on August 2, 2006, to develop the "shell" space attached to the downtown Lodi Transit Station parking structure as an interactive science museum focused on children. WOW obtained a collection of exhibits through the Exploratorium and opened on March 6, 2009. Since that time, the museum has purchased and/or built many additional exhibits.

The WOW is preparing to construct tenant improvements valued at \$440,000 within the vacant space south of the museum. Ten years of rental cost certainty aids in attracting donors and investors to the project.

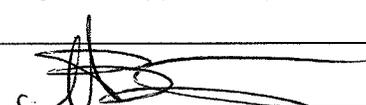
Given that WOW has invested \$550,000 in improvements and plans to invest an additional \$440,000 in improvements plus in-kind contributions to the City-owned facility, staff recommends the following:

- A) Extend the commencement of rent obligations by five additional years from February 2013 to February 2018 and authorize the City Manager to grant two extensions of three years and then two years of this rent forbearance based on the City Manager's sole discretion. The current agreement calls for rent in the amount of \$1,030 per month beginning February 2013; and,
- B) Freeze the indexing of rent increases for five years and then three and two additional years, if applicable. The rent is to increase annually by the Consumer Price Index or 2.5 percent, whatever is larger.

WOW has engaged in a very successful campaign to raise funds and provided infrastructure improvements to the City-owned facility. In 2012, over 4,500 school children have attended field trips at the WOW, 2,500 children have attended science-themed birthday parties, and more than 22,000 guests have visited the museum during public hours of operation. Staff recommends approval of the Fifth Amendment.

FISCAL IMPACT: All rent proceeds benefit the Transit Fund pursuant to the City's funding agreement with the Federal Transit Administration (FTA), thus this lease amendment is subject to approval by the FTA. The Transit Fund would

APPROVED: _____


Konradt Bartlam, City Manager

forego approximately \$12,360 in annual rent. However, the WOW Science Museum is a downtown attraction and potentially increases transit ridership and encourages more activity adjacent to the Lodi Transit Station. In addition, the City will have received over \$1,000,000 in improvements to its asset and the WOW retail store produces sales tax revenue.

FUNDING AVAILABLE: Not applicable.



F. Wally Sandelin
Public Works Director

FWS/pmf
Attachments
cc : Management Analyst
Transportation Manager/Senior Traffic Engineer
WOW President



March 12, 2013

City of Lodi
Wally Sandelin
Public Works Director
PO Box 3006
Lodi, CA 95241

Dear Mr. Sandelin,

The World of Wonders Science Museum is currently working on the development of a 2nd phase of building improvements to the south end of the parking structure. During this phase of construction the WOW Science Museum will be adding HVAC, office and lab space. The estimate building improvements will be approximately \$440,000. Upon the completion of these improvements the WOW Science Museum will have made Tenant improvements to the parking structure of over \$1million, all through the support of the local communities.

With this major of an investment in this site, the WOW Science Museum would like to request an extension of a rent free agreement from the City of Lodi for the next 10 years until February 1, 2023.

This agreement, valued at about \$140,000 would go a long way in supporting the ongoing operating costs of the science museum. This support will be offset by the site improvements the museum has made to the parking structure; an estimated net value to the City of Lodi of over a \$750,000.

The WOW opened its doors on March 6, 2009. In 2012, over 4,500 school children have attended field study trips at the museum. We have drawn students from as far away as Gustine, the foothills and up to Elk Grove. 2,500 children have attended the science-themed birthday parties. More than 22,000 guests have visited during our public hours of operation. The WOW has now become a destination for many out of town tourists and is a wonderful asset to the City of Lodi. What the museum brings to City of Lodi through new tourism also increases the value of the WOW investment in the parking structure and Lodi.

We appreciate the continued working relationship with the City of Lodi.

Sincerely,

A handwritten signature in blue ink that reads "Rich Mullenbach".

Rich Mullenbach
Treasurer of the World of Wonders Science Museum

President

Sally Snyder

Vice President

Barbara den Hartog

Treasurer

Rich Mullenbach

Secretary

Anne Weisenberg

Board of Directors:

Jay Bell
Cheryl Campbell Bewley
Corey N. Daniel
Jerry Fry
Carrie Martin
Susan Ring
Walt Wolterstorff

Tax Identification

Number: 20-3075595

501(c)(3)

Non-Profit Corporation

THE MISSION OF THE WORLD OF WONDERS SCIENCE MUSEUM IS TO OFFER HANDS-ON
SCIENCE-BASED EXHIBITS AND PROGRAMS TO STIMULATE DISCOVERY FOR ALL AGES.

address: 2 North Sacramento Street, Lodi, CA 95240

website: www.WOWScienceMuseum.org phone: 209.368.0WOW [0969] fax: 209.369.1290

FIFTH AMENDMENT TO LEASE AGREEMENT

WORLD OF WONDERS SCIENCE MUSEUM

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THIS FIFTH AMENDMENT TO LEASE AGREEMENT, entered into this ____ day of _____, 2013, by and between the CITY OF LODI, a municipal corporation ("City"), and the World of Wonders Science Museum, a California Nonprofit Corporation (Tax ID No. 20-3075595) ("The WOW" or "Lessee") shall be as follows:

WHEREAS, the parties entered into a Lease Agreement dated February 1, 2007 to allow the construction of Tenant Improvements for and the operation of a Science Museum and Museum Store by The WOW in the Lodi Parking Structure space owned by the City and Council approved a FIRST AMENDMENT dated on December 19, 2007; a second Amendment dated February 4, 2009; a third Amendment dated November 10, 2010; and a fourth Amendment dated August 28, 2012; and

WHEREAS, the Lease Agreement as amended requires that the payment of rent commence by February 1, 2013;

WHEREAS, in recognition of WOW's efforts and expected successful fundraising campaign, the Parties wish to extend WOW's deadline for the rent commencement date.

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

1. Effect of Amendment.

Except as expressly modified herein all terms of the Lease Agreement shall remain in full force and effect.

2. Rent: Paragraph six of the Lease Agreement shall be amended to read:

No rent shall be required to be paid until February 1, 2018. The City Manager shall have the authority to grant two extensions of three years and then two years of this rent forbearance if in his or her sole discretion, economic conditions warrant the extension(s). Starting February 1, 2018, or as otherwise extended by the City Manager, the WOW shall pay rent in the amount of \$1,030.00 monthly (which is the equivalent of \$1.29 per square foot rent per month for the estimated 800 square foot Museum Store.) to City.

The WOW's monthly rental payment shall increase in each year of this Lease based upon the annual percentage change of The Consumers Price Index for All Urban Consumers (All Items), San Francisco-Oakland-San Jose Average, as published by The United States Department of Labor Statistics, for the month prior to the date the payment is due. Notwithstanding the foregoing, for any given year, The WOW's monthly rental payment shall increase by no less than 2.5%, and no more than 5.0%, per year.

3. FTA Approval: This lease amendment is subject to approval by the Federal Transit Administration.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first hereinabove mentioned.

CITY OF LODI,
a municipal corporation

WORLD OF WONDERS SCIENCE MUSEUM,
a California Nonprofit Corporation

KONRADT BARTLAM, City Manager

By _____
SALLY SNYDE, President

ATTEST:

RANDI JOHL, J.D., City Clerk

APPROVED AS TO FORM:

D. STEPHEN SCHWABAUER
City Attorney



RESOLUTION NO. 2013-66

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING
THE CITY MANAGER TO ENTER INTO FIFTH AMENDMENT TO
WORLD OF WONDERS SCIENCE MUSEUM LEASE

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WHEREAS, the World of Wonders Science Museum entered into an agreement with the City on August 2, 2006, to develop the "shell" space attached to the downtown Lodi Transit Station parking structure as an interactive science museum focused on children; and

WHEREAS, the Board of Directors of the World of Wonders Science Museum has requested the City extend the commencement of rent obligations; and

WHEREAS, the World of Wonders Science Museum has invested \$550,000 in improvements and plans to invest an additional \$440,000 in improvements plus in-kind contributions to the City-owned facility, and staff recommends the following:

- A) Extend the commencement of rent obligations by five additional years from February 2013 to February 2018 and authorize the City Manager to grant two extensions of three years and then two years of this rent forbearance based on the City Manager's sole discretion. The current agreement calls for rent in the amount of \$1,030 per month beginning February 2013; and,
- B) Freeze the indexing of rent increases for five years and then three and two additional years, if applicable. The rent is to increase annually by the Consumer Price Index or 2.5 percent, whatever is larger.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to enter into a Fifth Amendment to the World of Wonders Science Museum Lease as outlined above; and

BE IT FURTHER RESOLVED that this lease amendment is subject to approval by the Federal Transit Administration.

Dated: April 17, 2013

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I hereby certify that Resolution No. 2013-66 was passed and adopted by the City Council of the City of Lodi in a regular meeting held April 17, 2013, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Johnson, and Katzakian
NOES: COUNCIL MEMBERS – None
ABSENT: COUNCIL MEMBERS – Mounce and Mayor Nakanishi
ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL
City Clerk