



## Legislation Text

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**File #:** 20-152, **Version:** 1

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*Report Prepared by: Frank Quintero, Director of Economic Development*

**SUBJECT:** Approval of Lease Agreement with the Merced City Chamber of Commerce, d.b.a. The Greater Merced Chamber of Commerce, for Tenant Space at the Ralph Shannon Arcade at 626 W. 18<sup>th</sup> Street for \$1.00 per Month in Exchange for In-Kind Services

### REPORT IN BRIEF

Considers a lease agreement with the Greater Merced Chamber of Commerce for 1,682 square-feet of office space located at 626 W. 18<sup>th</sup> Street for \$1.00 per month from March 2020 to December 2020 in exchange for economic development related services valued at \$15,000.00.

### RECOMMENDATION

**City Council** - Adopt a motion:

- A. Approving the lease agreement between the Merced City Chamber of Commerce, d.b.a. the Greater Merced Chamber of Commerce and the City of Merced; and,
- B. Authorizing the City Manager or the Assistant City Manager to execute all necessary documents.

### ALTERNATIVES

- 1. Approve as recommended by staff; or
- 2. Approve, subject to conditions as specified by the City Council; or
- 3. Deny the request; or,
- 4. Refer back to staff for reconsideration of specific items as requested by the Council; or
- 5. Defer action until a specified date

### AUTHORITY

Charter of the City of Merced, Section 200

### CITY COUNCIL PRIORITIES

City of Merced 2019-2020 Adopted Budget, Section 7, Economic Development and Airport, Economic Development, Goals - "Collaborate with partners to create a positive business image and provide exceptional business support."

### DISCUSSION

As a new administration transitions into the Greater Merced Chamber of Commerce, its leadership approached the City regarding available office space and collaborating on local economic development efforts. The attached Lease Agreement for the office space at 626 W. 18<sup>th</sup> Street in the

Ralph Shannon Parade reflects several discussions between staff and the Chamber's new director (Attachment 1). The Greater Merced Chamber of Commerce agrees with the terms and scope of services it would provide the City contained in the Lease Agreement (Exhibit C, Attachment 1).

**Key Terms of the Lease Agreement:**

**Lessor:** City of Merced

**Lessee:** Greater Merced Chamber of Commerce

**Premise:** 626 W. 18<sup>th</sup> Street, Ralph Shannon Parade, 1,682 square-feet  
Use of common area facilities including the lobby and bathroom.

**Term:** March 1, 2020 to December 31, 2020; Extended term subject to performance of in-kind services, and City Council approval.

**Rent:** \$1.00 per month/NNN; Utilities, taxes, and insurance are the responsibility of the Lessee.

**Improvements:** Lessee shall be responsible for the costs, installation, and maintenance of all tenant improvements. All Tenant Improvements are subject to Lessor approval.

**Utilities:** Lessee shall be responsible for their share of utility costs such as water, sewer, refuse, power, and natural gas. Utilities such as connectivity, phone, cable, and internet shall be borne solely by the Lessee.

The available office space has been vacant since 2017. Other tenants in the Parade include UC Merced Venture Lab and the City of Merced Recreation and Community Services Department. Prior to 2017, the Deaf and Hard of Hearing Services leased the office space. The Recreation Department has used the empty office space for storage.

**Scope of Services**

In-lieu of paying rent, the Greater Merced Chamber of Commerce would perform the services identified in the Scope of Services (Exhibit C of Attachment 1.) These services include: A) Provide one-year free membership; B) Provide one free half-page ad in the Merced Today; C) Conduct an online resident retail survey; D) Promote the City as business friendly; E) Create and promote a small business cluster with nearby service providers; and F) Assist the Office of Economic Development with developing and creating promotional material as requested. Details relative to the Scope of Services are to be worked out between the Chamber and staff.

If rent was to be paid on the vacant space, staff estimates that rent would be approximately \$0.85 per square foot, \$1,429.70 per month, or \$14,297.00 for the 10-month term. Based on discussion with economic development professionals and consultants, the estimated value of the services in-lieu of rent is \$15,000.00. The Greater Chamber has also extended an offer to help maintain and populate the City's newly developed Community Calendar.

The Chamber is not asking for tenant allowance to improve the office space. They are working with Chamber members (various contractors) on installing tenant improvements such as wall painting,

replacing damaged ceiling tiles, connectivity, and an alarm system.

The clients served by the Office of Economic Development are generally from outside the region. The services performed by the Greater Chamber would focus more on the local clients and residents. Support from the Greater Chamber will help keep the development and growth momentum the City is currently experience moving forward while assisting up and coming businesses and entrepreneurs.

A similar model between the City of Merced and Greater Chamber, services in-lieu of rent, was used when the Chamber leased space in the Transpo Center staring back in 1990. After several years of a mutually beneficial relationship, the Chamber moved to other locations throughout the City. Solidifying the Chamber's presence in Downtown Merced will be instrumental for supporting the new business coming to Downtown Core.

### **IMPACT ON CITY RESOURCES**

No appropriation of funds is needed.

### **ATTACHMENTS**

1. Proposed Lease Agreement with the Merced City Chamber of Commerce