TO:  HONORABLE CITY COUNCIL
FROM:  CITY MANAGER  DEPARTMENT: ADMINISTRATIVE SERVICES
DATE:  MAY 14, 2007  CMR: 235:07
SUBJECT:  AMENDMENT NO. 2 TO LEASE WITH THE ELIZABETH GAMBLE GARDEN FOR PROPERTY LOCATED AT 1431 WAVERLEY STREET, EXTENDING THE TERM FOR TWENTY YEARS

RECOMMENDATION
Staff recommends that Council authorize the City Manager to execute the attached amendment No. 2 to the lease with the Elizabeth F. Gamble Garden Center (Gamble Garden) for the City-owned property at 1431 Waverley Street. The amendment will extend the lease for 20 years, starting August 31, 2017 (See Attachment A).

BACKGROUND
On May 13, 1985, Council approved the Garden Center concept for the Gamble property at 1431 Waverley Street. On September 10, 1985, Council approved the Elizabeth F. Gamble Garden Articles of Incorporation and awarded an Option to Lease for the purpose of developing and operating a public garden. On August 31, 1987, Gamble Garden exercised its option and entered into a 20-year lease. The lease includes one 10-year option to extend the term and a second option for further extension upon mutual agreement by the City and Gamble Garden. On September 12, 1994, Council approved Gamble Garden’s request to exercise its option to extend the lease for an additional 10 years, until August 31, 2017.

DISCUSSION
Gamble Garden has requested a twenty year extension of its lease of 1431 Waverley Street (see Attachment B, January 23, 2007 letter). As stated in its letter, Gamble Garden would like to enlarge its endowment fund, and the lease extension will make the endowment fund monetary drive feasible and assure granting agencies of the longevity of the Gamble Gardens organization. Gamble Garden has been a good steward of the property, having invested over $650,000 in leasehold improvements over the last twenty years with money raised from private funds. The property is visited by approximately 25,000 visitors annually and is open to the public 365 days a year at no cost. Gamble Garden provides benefits to the community including horticultural classes and workshops, exhibits, demonstration gardens, a library, rental of the facilities, elementary school and senior programs, tours, plant clinics, art and photography classes, and two community events per year, Spring Tour and Community day.
The Gamble Garden estimates a total need of $1,000,000 to be raised for the endowment and property improvements. Details of the estimate are included in the attached March 27, 2007 letter (Attachment C).

**RESOURCE IMPACT**
Extension of the lease will have no fiscal impact to the City.

**POLICY IMPLICATIONS**
Exercising the option to extend the lease does not represent any change to City policies.

**ENVIRONMENTAL REVIEW**
Extension of the lease is categorically exempt from the Requirements of the California Environmental Quality Act (CEQA) under Section 15301, existing facilities.

**ATTACHMENTS**
Attachment A: Amendment No.2 to Lease
Attachment B: January 23, 2007 Letter
Attachment C: March 27, 2007 Letter

PREPARED BY: ____________________________

WILLIAM W. FELLMAN
Manager, Real Property

DEPARTMENTAL HEAD APPROVAL: ____________________________

LALO PEREZ
Assistant Director

CITY MANAGER APPROVAL: ____________________________

FRANK BENEST
City Manager

cc:  Elizabeth Gamble Garden