



City of Needles, California Request for City Council Action

CITY COUNCIL NPUA RDA

Regular Special

Meeting Date: November 9, 2021

Title: City Council Resolution No. 2021-69
A Resolution of the City Council of the City of Needles Amending Resolution 2021-22 Approving an Amendment to the Visitor Center Services Agreement with the Chamber of Commerce as the preferred vendor for the Visitor Center and Amendment to the Lease Agreement with the Chamber of Commerce in the Historic El Garces Train Depot

Background: On April 27, 2021, City Council entered into both a Services Agreement and a Lease Agreement with the Chamber of Commerce as the preferred vendor for the Visitor Center in the Historic El Garces Train Depot. The Chamber agreed to complete the tenant improvements for the Visitor Center and the Chamber Offices to open full time regular business on or before December 31, 2021.

At the October 26, 2021, City Council meeting, the Chamber of Commerce provided the City Manager with a request to extend the December 31, 2021, deadline to August 1, 2022, for the Services and Lease Agreement.

The following outlines the terms of the agreement for the Professional Services Agreement:

- The Chamber will occupy 634 square feet of the 1,217 square feet to operate the Needles Visitor Center.
- The Chamber will provide quarterly report to the City on the contacts with visitors (foot traffic at the VC, email count, phone call count, tours given, events scheduled in the El Garces).
- The Agreement will remain in effect for a period of five years and shall be subject to mutually agreeable options to extend for three (3) year periods.
- The Chamber will be compensated a fixed sum of \$2,000 per month or \$24,000 annually as Chamber's sole and only compensation under the Agreement.
- The City or Chamber may terminate this Agreement by giving written notice.

The following outlines the terms of the Lease Agreement for the Chamber in the El Garces:

- The Chamber will lease 583 square feet of the 1,217 square feet space for the Needles Chamber of Commerce Offices.
- The Agreement will remain in effect for a period of five years and shall be subject to mutually agreeable options to extend for three (3) year periods.
- The Chamber will lease the 583 square feet for \$0.61 cents per square foot or \$355.63 per month for the area of the premises operated as the Needles Chamber of Commerce. Rent in the amount of \$0.61 cents per square foot (634) for the City of Needles Visitor Center or \$386.74 per month shall be waived by the City provided the Chamber is providing services under the Services Agreement.
- The payment of utilities in the operation of the Needles Chamber of Commerce and the Needles Visitor Center shall be the responsibility of the Chamber.
- Prior to entering the lease, the Chamber will obtain a building permit and commence construction within 30 days from the Effective Date of the agreement and be completed 90 days thereafter.

The Chamber provides an explanation of the delays that they have encountered in their letter received on October 26, 2021. The Building permit was issued for this project in 2019. When the Chamber was first selected as the vendor, they informed the Council that they were "shovel ready" to immediately start construction. They presented proof of funds to pay for the project. They also provided a list of volunteer subcontractors which led the Council to choose them to build and operate the Visitor Center. Some volunteer subcontractors have since chosen to be unavailable. The City has not been provided an overall project plan for achieving the completion of the project. While the Chamber has a volunteer general contractor to construct the facility, there does not appear to be sufficient project management skills or expertise engaged for this effort. Any consideration of remaining with this vendor must be accompanied by proof of qualifications to manage a project of this scale.

When the Visitor Center in the El Garces was first envisioned, there were two disconnected organizations operating to serve visitors. That situation remains. The Needles Tourism and Visitor Center group recently submitted a status report on their efforts.

Fiscal Impact: \$24,000 for the management of the Needles Visitor Center to be paid out of the General Fund and \$4,267.56 in rental income from the Needles Chamber of Commerce office.

Sylvia Miledi AS for SM

Recommendation: That the City Council determine to either:

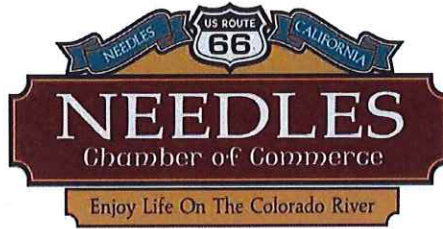
- Option 1 Declare the contract and lease in default and request that the Council Visitor Center Committee to reassess the project and seek other options.
- Option 2 Extend the agreements upon the submission of a project plan prepared by a paid qualified project manager who will assure the project completion.

Submitted By: Patrick Martinez, Development Director

City Management Review: Rick

Date: 11/4/21

Approved: <input type="checkbox"/>	Not Approved: <input type="checkbox"/>	Tabled: <input type="checkbox"/>	Other: <input type="checkbox"/>
			Agenda Item: <u>15</u>



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info@needleschamber.com
needleschamber.com

RECEIVED AT
COUNCIL MEETING
10/26/21

The Honorable Jeff Williams
Mayor, City of Needles
817 Third Street
Needles, CA 92363

RE: Extension of Lease Agreement

Dear Mayor Williams,

The purpose of this letter is to request an extension of the date of December 31, 2021 listed in the Services Agreement to be the opening of the Visitors Center.

There are numerous reasons this request is being sought. Attached is a brief timeline illustrating the various reasons for the delays. From the onset of this project, the contractor made it clear that they could not be held to a timeline. Their services, as well as those of others, are being donated. Regular paid work forces this project to be pushed back.

Also, the City has not been able to provide the Contractor with the proper plans for the plumbing and sewer lines. Hopefully, this can be resolved in the near future.

If not, there is a quote attached from Premier Backhoe, Inc. for \$6,120 to do exploratory excavating. This cost is not in the budget for this project.

Therefore, the Chamber respectfully requests that agreement be amended to change the date to June 31st 2022 for the completion of the project .

Sincerely,

George Deleon
Board President



PO Box 705
119 F Street
Needles, CA 92363
760-326-2050
info@needleschamber.com
needleschamber.com

EL GARCES CONSTRUCTION

It should be noted that in the beginning, there were numerous conversations with Billy Fragoso, TLV, Devine Enterprises (Contractor), regarding their position on having no "timeline" for completed work. This is based upon donated services and lack of complete plans from the City regarding plumbing and HVAC lines.

March 2021:

Discussion regarding price of construction, \$165 sq. ft., Contractor stated again no liability for subs or material not showing up
Working with Contractor on construction budget

April 2021:

From Contractor, "I cannot guarantee the start date and definitely cannot guarantee the finish date. Working with in-kind donations and even paying them would be difficult in time frame unless that is the only job going on."

Copies of plans distributed to Contractor and subs
Services Agreement between Chamber and City signed

May 2020:

Underground excavation begins by contacting City for plans
Working with Phillips Construction and City to find where to begin cement excavation for HVAC
Trying to find donor for Steel
Plans call for steel or fire-treated wood which is the same price as steel (per structural engineer)
Tri-State Lumber to donate lumber, but cannot get fire-treated

June 2021:

Working with City to get information on plumbing lines to know where to dig cement. Waiting on Colorado River Plumbing to give start date

July 2021

Phillips backed up waiting for them to begin donated excavation

August 2021

Colorado River Plumbing backed out of doing plumbing work

Purchased sewer and HVAC pipe

Ground breaking by Phillips

HVAC lines done

Footings are 5' deep, information not on city plans

September 2021

Contractor licensing problems delay progress

Resolved

City ran camera to find plumbing lines, cannot determine the location

October 2021

Received quote for \$6,120 from Premier Backhoe, Inc. to do exploratory excavation

Bill Fancher working with City Engineering to obtain plumbing line location and possibly avoid having to do exploratory excavating

RESOLUTION NO. 2021-69

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEEDLES AMENDING
RESOLUTION 2021-22 APPROVING AMENDING THE VISITOR CENTER
PROFESSIONAL SERVICES AGREEMENT WITH THE CHAMBER OF COMMERCE
AND LEASE AGREEMENT WITH THE CHAMBER OF COMMERCE IN THE
HISTORIC EL GARCES TRAIN DEPOT FOR THE CHAMBER OF COMMERCE
OFFICES**

WHEREAS, at the October 27, 2020 City Council meeting City Staff was given direction to develop a scope of work and initiate a Request for Proposal process for management services of the Needles Visitor Center; and

WHEREAS, on March 9, 2021 the City Council selected the Chamber of Commerce as the preferred vendor for the Visitor Center in the Historic El Garces Train Depot and authorized City staff to negotiate an agreement; and

WHEREAS, On April 27, 2021 the City Council entered into Services and Lease Agreements with specific terms of the Agreements between the City and The Needles Chamber of Commerce are identified in Exhibit "A", attached; and

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Needles, California, hereby approves the Visitor Center Services Agreement with the Chamber of Commerce as the preferred vendor for the Visitor Center and will be compensated a fixed amount of \$2,000 per month or \$24,000 annually and Lease Agreement with the Chamber of Commerce in the Historic El Garces Train Depot for 583 square feet for \$0.61 cents per square foot or \$355.63 per month.

Chamber agrees that it shall submit a project plan prepared by a paid qualified project manager to complete the tenant improvements for the visitor center and the chamber offices and open for full time regular business on or before august 1. 2022. if chamber fails to comply with the forgoing obligations within thirty (30) days after written notice by city, city may terminate this agreement and take possession of the premises in addition to any other rights and remedies it may have under this agreement or at law.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council of the City of Needles, California, held on the 9th day of November, 2021 by the following vote:

AYES
NOES
ABSENT
ABSTAIN

Mayor

Attest:

City Clerk

(Seal)

Approved as to form:

City Attorney

FIRST AMENDMENT TO SERVICES AGREEMENT

1. PARTIES AND DATE.

This First Amendment is made and entered into November 9, 2021, by and between the **CITY OF NEEDLES**, a California Charter City, (hereinafter referred to as the "City") and **NEEDLES AREA CHAMBER OF COMMERCE**, a California non-profit mutual benefit corporation (hereinafter referred to as "Chamber"). City and Chamber are sometimes individually referred to as "Party" and collectively as "Parties."

2. RECITALS.

City and Needles Area Chamber of Commerce entered into a Services Agreement ("Agreement") dated April 27, 2021;

City and Needles Area Chamber of Commerce acknowledge and agree to amend the Agreement to:

1. Extend the date for the completion of the tenant improvements on or before August 1, 2022;
2. Open for full time regular business on or before August 1, 2022.
3. Submit a project plan prepared by a paid qualified project manager.

3. AMENDMENT.

Section 2.2 is hereby amended in its entirety to read as follows:

2.2 Proposal.

Chamber has made a proposal ("Proposal") and was submitted to the City on February 5, 2021 provide such Services, which Proposal is attached to the Agreement as **Exhibit "B."** Which includes using available cash of approximately Ninety Thousand Dollars (\$90,000.00) and donations of cash and/or construction work totaling approximately Ninety Thousand Dollars (\$90,000.00) for an aggregate total of at least One Hundred and Eighty Thousand Dollars (\$176,000) to make tenant improvements to Visitor Center portion the El Garces. In addition, Chamber shall perform the following services:

- The Chamber will provide a quarterly report to the City on contacts with visitors such as:
 - Foot traffic at the VC
 - Email count
 - Phone call count
 - Tours given
 - Events scheduled in the El Garces
 - Other information as requested by council regarding operation of the VC

CHAMBER AGREES THAT IT SHALL SUBMIT A PROJECT PLAN PREPARED BY A PAID QUALIFIED PROJECT MANAGER TO COMPLETE THE TENANT IMPROVEMENTS FOR THE VISITOR CENTER AND THE

CHAMBER OFFICES AND OPEN FOR FULL TIME REGULAR BUSINESS ON OR BEFORE AUGUST 1, 2022. IF CHAMBER FAILS TO COMPLY WITH THE FORGOING OBLIGATIONS WITHIN THIRTY (30) DAYS AFTER WRITTEN NOTICE BY CITY, CITY MAY TERMINATE THIS AGREEMENT AND TAKE POSSESSION OF THE PREMISES IN ADDITION TO ANY OTHER RIGHTS AND REMEDIES IT MAY HAVE UNDER THIS AGREEMENT OR AT LAW.

All other terms of the Agreement not specifically amended shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have made and executed this Agreement on the date and year set forth above.

City of Needles

**Needles Area Chamber of Commerce, a
California nonprofit mutual benefit
corporation.**

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

FIRST AMENDMENT TO LEASE AGREEMENT

1. PARTIES AND DATE.

This First Amendment is made and entered into November 9, 2021, by and between the **CITY OF NEEDLES**, a **California Charter City**, (hereinafter referred to as the "City") and **NEEDLES AREA CHAMBER OF COMMERCE**, a California non-profit mutual benefit corporation (hereinafter referred to as "Chamber"). City and Chamber are sometimes individually referred to as "Party" and collectively as "Parties."

2. RECITALS.

City and Needles Area Chamber of Commerce entered into a Lease ("Lease") dated April 27, 2021;

City and Needles Area Chamber of Commerce acknowledge and agree to amend the Agreement to:

1. Extend the date for the completion of the tenant improvements on or before August 1, 2022;
2. Open for full time regular business on or before August 1, 2022.
3. Submit a project plan prepared by a paid qualified project manager.

3. AMENDMENT.

Section 2 is hereby amended in its entirety to read as follows:

2. **Use.** The Premises are to be used for business and meetings of the Needles Chamber Of Commerce and for the Needles Visitor Center, respectively, as designated on Exhibit "A" to the Lease entitled "Lease Area" and for no other purposes. Assignment or sublet of the premises to any other organization shall be in accordance with **Section 9** of this Agreement.

CHAMBER AGREES THAT IT SHALL SUBMIT A PROJECT PLAN PREPARED BY A PAID QUALIFIED PROJECT MANAGER TO COMPLETE THE TENANT IMPROVEMENTS FOR THE VISITOR CENTER AND THE CHAMBER OFFICES AND OPEN FOR FULL TIME REGULAR BUSINESS ON OR BEFORE AUGUST 1, 2022. IF CHAMBER FAILS TO COMPLY WITH THE FORGOING OBLIGATIONS WITHIN THIRTY (30) DAYS AFTER WRITTEN NOTICE BY CITY, CITY MAY TERMINATE THIS AGREEMENT AND TAKE POSSESSION OF THE PREMISES IN ADDITION TO ANY OTHER RIGHTS AND REMEDIES IT MAY HAVE UNDER THIS AGREEMENT OR AT LAW.

All other terms of the Lease not specifically amended shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have made and executed this Agreement on the date and year set forth above.

City of Needles

By: _____

Its: _____
Date: _____
**Needles Area Chamber of Commerce, a
California nonprofit mutual benefit
corporation.**

By: _____
Its: _____
Date: _____