

## EXECUTIVE SUMMARY SHEET

DATE ISSUED: June 11, 2008

ATTENTION: Honorable Chair and Members of the Redevelopment Agency  
Docket of June 17, 2008

ORIGINATING DEPT: City Planning and Community Investment  
Redevelopment Division

SUBJECT: Third Amendment to the Lease Agreement with San Diego Skateworld  
Center, Inc.

COUNCIL DISTRICT: 6

STAFF CONTACT: Eliana Barreiros, (619) 236-6267

REQUESTED ACTION: Approve the Third Amendment to the Lease Agreement Between the Redevelopment Agency of the City of San Diego and San Diego Skateworld Center, Inc.

STAFF RECOMMENDATION: Approve the requested action.

### EXECUTIVE SUMMARY:

The Skateworld property is owned by the Redevelopment Agency and leased to San Diego Skateworld Center, Inc. ("Skateworld") for the operation and maintenance of a roller skating rink and retail complex. The Stang family managed the skating rink from 1976 to 1982. Following many short term leases for operation of the skating rink, the Agency entered into a 20-year term lease with Mr. Gary Stang in December 1982. In 2002, when that lease was being considered for renewal, it was determined that a short term (three year) lease with Skateworld, on behalf of Mr. Stang, would be entered into in December 2002 to allow Agency staff to gather community input regarding the long term disposition of the property and follow up based on the information. In order for Agency staff to carry out this process, the lease with Skateworld was subsequently amended twice to extend its duration through June 30, 2008. Other terms of the leased remained unchanged.

Since the current lease has been in place, the Agency has taken the following actions:

- (1) A survey was conducted in 2004 and the results indicated that there was community support for the continued use of the property as a skating rink.
- (2) During 2006 and 2007, a Request for Qualification (RFQ) and a subsequent Request for Proposals (RFP) were released seeking to identify qualified development teams and appropriate proposals for the development of the Skateworld parcel as well as the adjacent corner parcel which is also owned by the Agency. The RFP stated that a deed restriction would be placed on any development within the Skateworld parcel so that the continued use of the property as a roller skating rink would be preserved.
- (3) As a result of the RFP process, the Agency received only one proposal for the development of the Skateworld parcel, which was determined to be generally incomplete and inconsistent with the goals and objectives of the Redevelopment Plan.

Currently, Agency staff is conducting further investigations and reviewing all potential options with regard to the development of the Skateworld parcel and the adjacent corner parcel. During this time, Agency staff believes that a six (6) month extension of the lease is in the best interests of the Agency and the public.

It should also be noted that the Agency has also recently assumed responsibility for the management of the lease agreement with Skateworld from the Real Estate Assets Department of the City. As part of this new responsibility, the Agency is conducting a comprehensive evaluation of the property in order to understand the current physical condition of the premises and also to ensure performance of obligations required by the lease. As part of this effort, staff is proceeding with several tasks including the following:

- (1) Assessing the overall condition of the premises;
- (2) Conducting an assessment to ensure compliance with the terms of the lease; and,
- (3) Determining whether the premises conform to all applicable standards, including provisions of the American with Disabilities Act (ADA).

The proposed amendment would extend the terms of the lease for 6 months, commencing on July 1, 2008 through December 31, 2008. During this time, Agency staff will be able to complete its evaluation process.

FISCAL CONSIDERATIONS:

The Agency will continue to receive revenue in accordance with the terms of the lease. The terms of the lease set the rent at fifteen percent of all gross income derived from operations of the premises with a minimum of \$60,000 yearly. During calendar year 2007, the Agency collected \$120,089.88 from this lease. Per the lease, Mr. Stang is required to manage the premises in a competent and fiscally responsible manner and is responsible for their maintenance. Per the lease, Mr. Stang must ensure that the premises are maintained in a decent, safe, healthy and sanitary conditions and must bear all costs associated with this obligation.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

None.

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

None with this action.

KEY STAKEHOLDERS: The residents of Linda Vista and San Diego Skateworld Center, Incorporated as well as its tenants.

Respectfully submitted,

*Signature on File*

*Signature on file*

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Janice L. Weinrick  
Deputy Executive Director  
Redevelopment Agency

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William Anderson  
Assistant Executive Director  
Redevelopment Agency