



CITY COUNCIL AGENDA REPORT

City of Anaheim CONVENTION, SPORTS & ENTERTAINMENT DEPARTMENT

DATE: JANUARY 15, 2019

FROM: CONVENTION, SPORTS & ENTERTAINMENT
DEPARTMENT

SUBJECT: REINSTATEMENT OF CURRENT STADIUM LEASE AND
EXTENSION OF OPTION TO TERMINATE

ATTACHMENT (Y/N): YES **ITEM # 27**

ACTION:

That the City Council, by Motion, approve a Second Amendment to Amended and Restated Lease Agreement By and Between the City of Anaheim and Angels Baseball LP, authorizing the City Manager to execute the Agreement to extend the termination date by fourteen months and determining the action to be exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Sections 15060, 15061 and 15301.

BACKGROUND:

This item has been requested to be placed on the agenda by Mayor Sidhu in order to provide Angels Baseball with an additional fourteen months to terminate the lease agreement between the Angels and the City. This extension will provide both parties with the necessary time to negotiate a long-term agreement that benefits the City, its residents, and the team – thereby keeping the Angels in Anaheim for many years to come.

In 1996, the City of Anaheim entered into an Amended and Restated Lease Agreement (“Original Lease”) that was ultimately assumed by Angels Baseball, L.P. The term of the Lease runs to December 31, 2029. The Original Lease granted the Angels the sole right to terminate, for any reason and without cause, no earlier than October 15, 2016 and no later than February 15, 2017 upon providing the City at least twelve months’ written notice (“2016 Termination Right”). In practical terms this termination right, if exercised by the Angels, had the effect of creating a shorter lease term that could be viewed as ending as early as 2016.

At the September 3, 2013 meeting of the Anaheim City Council, the Council authorized an amendment to the Original Lease. The sole amendment in that action was to change the dates of the termination clause, extending the termination right for an additional three years from October 2016 to October 2019. Under this amendment, the Angels had the right to terminate the lease agreement by October 16, 2019, with 12 months’ notice (“Current Termination Right”).

Practically, this meant that by October 16, 2018, if Angels Baseball LP had not given the City 12 months' notice of their intent to exercise this Current Termination Option, they would have been obligated to fulfill the terms of the lease until the original term of the lease, December 31, 2029. On October 16, 2018, the Angels did notify the City that they were exercising their option under the Current Termination Right.

If approved, the proposed Second Amendment to the Amended and Restated Lease Agreement, would determine that the Angels' election to exercise their termination option, as stated in their letter dated October 15, 2018, is rescinded, null and void, and of no effect. Further, the amendment will provide the Angels' with a fourteen (14) month extension to their termination rights so as to provide them the option to terminate this lease as of December 31, 2020, provided that they give twelve months written notice.

As stated during the last lease amendment, a one-year extension could benefit the City in a handful of ways. First, it provides the City and Angels Baseball time to work out a likely complicated transaction that would help finance substantial investments in the current stadium and/or a plan to build a new stadium. Second, it signals the City's willingness to work in cooperation with a longtime tenant and partner in reaffirming our partnership. Third, by limiting the extension to only fourteen months, it gives an end date for discussions so that if a new arrangement has not been reached in the near future, the City can start to plan for the utilization and development of the City asset absent a major league baseball team. Finally, the proposed extension allows for at least two more seasons of major league baseball in Anaheim and the benefits that the City receives from current operations.

ENVIRONMENTAL DETERMINATION:

The proposed resolutions (a) authorize negotiating in a nonbinding manner where the City has not yet committed to implementation, formulation and development of terms and provisions of any potential agreements that may (or may not) be presented to the Council in the future and (b) approve entering a lease amendment for an existing use and, therefore, are exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines sections 15060(c)(2), 15061(b)(3) and 15301 (Existing Facilities). These provisions provide that the proposed actions are not subject to CEQA because (i) the activity approved by the resolutions will not result in a direct or reasonably foreseeable indirect physical change in the environment; (ii) there is no possibility that the activity approved by the resolutions may have a significant effect on the environment; and (iii) the activity approved by the resolution will not expand existing uses.

IMPACT ON BUDGET:

There is no impact on the General Fund. Expenses and revenues resulting from the Lease are contained in the Convention, Sports and Entertainment Departmental annual budgets.

Respectfully submitted,

Thomas Morton
Executive Director
Convention, Sports & Entertainment Department

Attachment:

1. Second Amendment to Amended and Restated Lease Agreement