

# Agenda Report

**DATE:** APRIL 28, 2003

**TO:** CITY COUNCIL

**FROM:** CYNTHIA J. KURTZ

**SUBJECT:** LEASE AMENDMENT FOR JACOBS PARKING LOT AT  
SOUTHWEST CORNER OF GLENARM STREET AND ARROYO  
PARKWAY

**RECOMMENDATION:**

It is recommended that the City Council approve the terms and conditions as generally described below, and authorize the City Manager to execute an amendment to lease agreement number 16,397 reducing the size of the leased premises by 2,548 square feet and reducing the rent as well as providing compensation to the tenant for the un-amortized value of the parking lot improvements taken in accordance with the terms of the lease.

**BACKGROUND:**

The Gold Line railroad right-of-way traversing from north to south bisects Pasadena Water and Power Department (PWP) property lying between Glenarm Street on the north, State Street on the south, Fair Oaks Avenue on the west and Arroyo Parkway (Pasadena Freeway) on the east. The Glenarm power plant lies west of the Gold Line and the Broadway power plant and Jacobs Parking lot lie to the east.

PWP has utilized State Street on the south to transport equipment and materials from one side of the ownership to the other. With the activation of the Gold Line, the State Street crossing has been closed. Therefore, PWP requires a private crossing to access both sides of its power plant property.

The path of the proposed private crossing enters the easterly portion of the PWP property at the southwesterly corner of the area leased and referred to as the Jacobs parking lot. To accommodate the crossing, it is necessary to amend the existing lease allowing PWP to reclaim the land needed for the construction of the access road to the Broadway power plant from the point of entry of the private crossing (see exhibits "A" & "A-1").

Currently, the parking lot contains an area of 62,469 square feet and is striped for 151 parking spaces. After the taking, the lot will contain 59,921 square feet and will have 144 parking spaces. The reduction in lot size and loss in parking calls for a reduction in rent. Currently, the monthly rent is \$1,333 per month. After the amendment, taking into consideration the loss of area and parking spaces yields a monthly rent of \$1,272.

In addition to the loss of area and parking spaces there is the matter of compensation for the tenant's improvements within the portion of the parking lot to be deleted (terminated) from the lease. Compensation was calculated by utilizing the method specified in the lease relating to the "Termination Fee" payable by Landlord in connection with the voluntary termination of the lease prior to the expiration of the term. In this case a partial termination fee was calculated since only a very small part of the leased area is to be terminated.

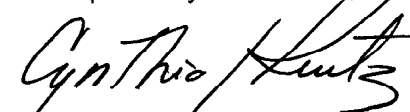
The fee payable by the City equals the un-amortized portion of the Tenant's costs in connection with this lease (with the total amortized on a straight-line basis as if the total were a loan having a term of 15 years at a rate of 10 % per year), taking into account any amounts already recovered by the Tenant through application of the Increased Amount Credit against Basic Rent previously paid.

The total costs associated with the parking lot equal \$405,873.53 and the amortization equals \$4,361.54 per month. The rent commencement date was July 30, 1998 and through March 2003 the un-amortized balance was \$334,796.73. Deducting the \$2,500 per year credit amount applied to the rent as an offset based on the increased amount credit per the lease yields a termination fee of \$322,919.07 over the entire leased area. Since this is a partial termination based upon a 4.6% reduction, the partial termination fee is \$14,855.

### **FISCAL IMPACT**

During the first year of the Lease Amendment there will be a \$61 per month reduction in rent paid to the City totaling approximately \$730 and a one-time partial early termination fee of \$14,855 to be paid by the City to the tenant. Funding for the early termination fee is available from the Light and Power Fund Capital Improvement Program under Budget #3166 for the "Local Generation Re-powering Plan.

Respectfully Submitted,



CYNTHIA J. KURTZ  
City Manager

Jacobs Parking Lot Lease Amendment

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Approved by:



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Reviewed By:



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Concurred by:



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