

Agenda Report

DATE: DECEMBER 15, 2003

TO: CITY COUNCIL

FROM: CYNTHIA J. KURTZ, CITY MANAGER

SUBJECT: REAL PROPERTY LEASE EXTENSION FROM CITY OF PASADENA TO JET PROPULSION LABORATORY
HAHAMONGNA WATERSHED PARK
JPL CONTRACT NO. 960266

RECOMMENDATION:

It is recommended that the City Council approve the terms and conditions as generally described below, and authorize the City Manager to execute a new lease extending Jet Propulsion Laboratory's use of 11.21 acres of City owned land in the Hahamongna Watershed Park area adjacent to their property.

BACKGROUND:

The City of Pasadena has leased 11.21 acres of land to JPL in the Devil's Gate Reservoir area at the north end of the Hahamongna Water Shed Park since 1995. A portion of this, the east parking area, has been leased to JPL since the early 1980's. The current leased land is comprised of three portions, namely the East Bank, 9.58 acres (used for surface parking); the West Bank, 1.23 acres (used for surface parking and access); and the East Mesa, 0.40 acres (microwave site). In 1995 the rate was established through negotiations at \$450,000 per year and continues at that level through a 1998 extension and holdover extending to December 31, 2003.

The proposed new lease will extend the term from January 1, 2004 through December 31, 2008 at a rental rate of \$540,000 per year, reflecting \$2,700,000 for the 5-year term. This is an increase of \$90,000 per year, or \$450,000 over the term of the proposed lease extension. The rental rate was established through negotiations and as a result of staff's evaluation of the fair market rent as well as an appraisal commissioned by JPL. A Member of the Appraisal Institute (MAI), a highly regarded professional organization, provided that appraisal. Staff's evaluation conducted prior to the MAI appraisal considered results of a parking rate survey, applying a fair return on land value, and other

JPL Lease

economic forces. The range of fair market rent estimated by staff's evaluation bracketed the MAI appraised fair market rent.

The Hahamongna Watershed Master Plan designates future alternative uses for the east parking area. These uses include water conservation via spreading basins over the majority of the area with the northerly portion to ultimately be used for Gabrielino Trail Area parking. These future uses, could require an early termination or amendment of the lease. The proposed lease has a 180-day termination clause if circumstances require an early end to the lease.

The City Council as part of the annual budget adoption process approves the use and transfer of Water Fund revenue. Revenues received from this lease have historically been used in support the maintenance, security and planning of water system activities in the Hahamongna Water Shed Park. A recommendation on the use of the additional \$90,000 will be presented to the City Council as part of the fiscal year 2005 budget.

FISCAL IMPACT


Based on City Charter requirements, funds received for use of Water Fund property are deposited in the Water Fund.

During the proposed five-year term, revenue will increase \$90,000 per year over the existing lease amount of \$450,000 per year. Revenue received from this lease in the amount of \$540,000 per year will be deposited into Fund # 402, Water Fund revenue account.

Respectfully Submitted,


CYNTHIA J. KURTZ
City Manager

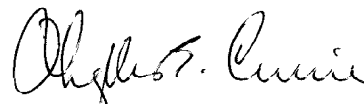
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