

# Agenda Report

**TO: CITY COUNCIL**                      **DATE: DECEMBER 13, 2004**

**THROUGH: FINANCE COMMITTEE**

**FROM: CITY MANAGER**

**SUBJECT: LEASE AGREEMENT BETWEEN CITY OF PASADENA AND PASADENA COMMERCIAL DEVELOPMENT COMPANY FOR OFFICE SPACE AT 649 N. FAIR OAKS AVENUE, SUITE 201 (RENAISSANCE PLAZA)**

## **RECOMMENDATION**

It is recommended that the City Council:

- 1) Approve the terms and conditions as generally described below and authorize the City Manager to execute a lease agreement and any other documents necessary to carry out this transaction.
- 2) Approve a Journal Voucher appropriating \$8,538 from the General Fund unappropriated fund balance to budget account 101-141000.

## **BACKGROUND**

1,836 square feet of office space is available between the relocated Housing Division and the community room located at 649 N. Fair Oaks Avenue. If this space were to be occupied by a private tenant, it could be disruptive to city operations. Additionally, there are several city programs that would benefit from the acquisition of additional space.

A staff person for the newly formed Local Hiring Program is expected to be hired as early as January and this space would provide an excellent location for their office. Currently, the 3 neighborhood parks specialists from the Human Services and Recreation Department are split among multiple locations. Program operations would operate more efficiently if they were co-located. Additional space would also benefit the After School Program staff of 4, which is currently squeezed into cubicles within one office at Victory Park along with a staff member from the Sports and Contract Office. Relocating the After School Program to this space would benefit this program and relieve the overcrowding at

Victory Park.

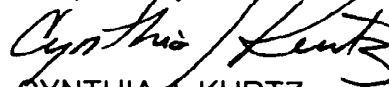
The proposed lease is for five-years commencing January 1, 2005 with a five-year option to extend. The 1,836 square feet of office space to be leased is on the second floor over retail at the Renaissance Plaza shopping center. The space will be elevator and ADA accessible. Base rent will be \$1.55 per square foot. This equates to about \$2,845 per month and \$34,150 per year. The air-conditioned space is fully lighted and carpeted, has painted demising walls, dropped ceilings and is outfitted with electrical and communication outlets.

The City would be responsible for building and paying for any additional tenant improvements. This is a full service gross lease with no pass-through of operating expenses but with an escalation clause tied to the Consumer Price index (CPI) with a minimum of three percent per year. The first escalation would not begin until the third year of the lease. The lease also provides 6 well-lighted parking spaces at no cost to the City and use of the adjacent Community Room. Due to federal budget cuts, the Housing Division does not have additional resources that would allow them to secure this space. However, if new resources are available in the future, this space would also provide potential expansion space for Housing should it be required.

**FISCAL IMPACT**

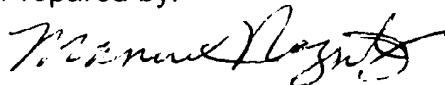
The first year lease expense totals \$34,150, however, it is expected that the City will take occupancy January 1, 2005 requiring \$17,075 for the remainder of the fiscal year. Fifty percent of the necessary funds for Fiscal Year 2005 are provided from the Local Hire budget (101-141000), and 50% will be provided from the General Fund unappropriated fund balance.

Respectfully Submitted,



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City Manager

Prepared by:



MANUEL NEGRETE JR.  
Real Property Manager

Approved by:



RICHARD BRUCKNER  
Director of Planning and Development