

Agenda Report

September 13, 2010

TO: Honorable Mayor and City Council
FROM: City Manager – Economic Development Division
SUBJECT: LEASE EXTENSION OF OFFICE SPACE AT 199 S. LOS ROBLES AVENUE, PASADENA FOR FIRE DEPARTMENT ADMINISTRATIVE OFFICES, AGREEMENT NUMBER 18,118

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the continued leasing of the office space located at 199 S. Los Robles Avenue from 199 South Los Robles Corporation ("LRC") is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301 (Existing Facilities); and
2. Authorize the City Manager to negotiate and execute a lease amendment incorporating the terms and conditions generally described below with LRC for the Pasadena Fire Department's continued leasing of a portion of the 5th floor of the building located at 199 South Los Robles Avenue, Pasadena, and any other documents necessary to carry out this transaction.

BACKGROUND:

The Fire Department administrative offices have occupied 7,498 square feet in Suite 550 at 199 S. Los Robles Avenue since August 1990. The lease expires November 30, 2010, and the current rental rate is \$215,021 per year or \$2.39 per rental square foot. The Fire Department intends to continue occupancy at this location for two to four more years until at least November 30, 2012.

The rental rate for the proposed two-year term extension will be \$211,444 and \$217,787 per year (\$2.35 and \$2.42 per square foot) respectively, less a rent abatement equal to two month's rent (to be applied on December 1, 2010 and December 1, 2011) in the amount of \$17,620.30 and \$18,148.91 each. This combined with the \$0.04 discount at the beginning of the term yields a total savings to the City in the amount of \$42,967, and a net monthly rental rate of \$2.15 per square foot. In addition, for an estimated cost of \$2,100, the Fire Department may add its name to the existing monument sign. Cabinet

refacing and carpet cleaning will also be performed by LRC by November 30, 2010. Two one-year options to extend the term through November 30, 2014, will also remain in effect, subject to annual Consumer Price Index adjustments. Based upon a survey of comparable Class A buildings in Pasadena, these rates are within range of competitive fair market rental rates.

COUNCIL POLICY CONSIDERATION:

Pursuant to Pasadena Municipal Code Section 2.28.060, the City Council has authority to lease privately owned real property for City purposes. The continued leasing of the existing site, while continuing to consider alternate permanent relocation sites, provides maximum flexibility in furtherance of the City Council's policy to maintain fiscal responsibility and stability.

ENVIRONMENTAL ANALYSIS:

The City's continued leasing of the property is categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15301 (Existing facilities). This exemption applies to the continued operation of existing facilities involving negligible or no expansion of use. Neither the tenant improvements nor the continuation of the lease for administrative offices for the City of Pasadena's Fire Department will result in any expansion of the use.

FISCAL IMPACT:

The rent will total \$386,264 over the two-year term providing the City a total cost savings of \$42,967. Funds for the current fiscal year have been included in the current operating budget, in the 101-general fund and will be requested in subsequent operating budgets.

Respectfully submitted,



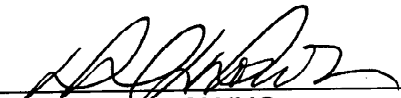
STEVE MERMELL
Assistant City Manager

Prepared by:



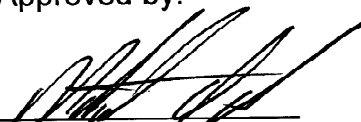
KELLY KITASATO
Real Property Manager

Concurred by:



DENNIS J. DOWNS
Fire Chief
Fire Department

Approved by:



MICHAEL J. BECK
City Manager

Attachments:

None

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Act
Pasadena City Charter, Article XVII**

- I. Does the value of this application/project *have the potential* to exceed \$25,000? Yes No (Applicant *must* mark one)
- II. Is the application being made on behalf of a government entity? Yes No
- III. Is the application being made on behalf of a non-profit 501(c) organization? Yes No
If yes, please indicate the type of 501(c) organization: 501(c)(3) 501(c)(4) 501(c)(6)

Applicant's name: The Ruth Group, Inc. Date of Application: 8/16/10

Owner's name: 199 South Los Robles Corp. Contact phone number: 626/792-9875
(for questions regarding this form)

Project Address: 199 S. Los Robles Avenue, Pasadena, CA 91101

Project Description: 8 story office building

- IV. Applicant and Property Owner must disclose all joint owners, trustees, directors, partners, officers and those with more than a 10% equity, participation or revenue interest in owner and/or project. If any of these are an organization/entity, include the name of the organization/entity and the first and last names of all parties of interest of that organization/entity. (List all parties below and use additional sheets as necessary, or provide all parties on an attachment) **Please print legibly.**
Have any additional sheets or an attachment been provided? Yes No

Names of Owner(s), Trustees, Directors, Partners, Officers of Owner/Project	Names of Owner(s), Trustees, Directors, Partners, Officers of Owner/Project (continued)	Those with more than a 10% equity, participation or revenue interest in Owner and/or project
199 South Los Robles Corp.	ERS, Hawaii	ERS, Hawaii

I hereby certify that I am the owner or designated agent and that the statements and answers contained herein, and the information attached, are in all respects true, accurate and complete to the best of my knowledge and belief.

Signature of Owner or Designated Agent: [Signature] Date: 8/16/10

For Office Use Only

Type of Application: Variance (all types) Adjustment Permit Sign Exception Temporary Use Permit Expressive Use Permit
 Conditional Use Permit (excluding Master Plan) Master Plan Amendment Planned Development Other

Assigned Planner: _____ PLN#: _____

Attached Address: _____ No Attached Address

Appealed: Yes No Appeal PLN# _____ Application Withdrawn

Final Decision: Approved Denied Decision Date: _____ Decision Maker: _____
(Name and Title, or Name of Commission/Committee)

Votes in favor (please print):

