

Agenda Report

November 14, 2022

TO: The Honorable Mayor and City Council

FROM: Office of the City Manager - Economic Development Division

SUBJECT: AUTHORIZATION TO EXECUTE AN OFFICE LEASE RENEWAL WITH PASADENA'S DEPARTMENT OF TRANSPORTATION AND PASADENA LIBRARIES & INFORMATION SYSTEMS AT 221 E. WALNUT STREET SUITES 199, 210, AND 229 FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$1,773,485

RECOMMENDATION:

Staff recommends that the City Council:

1. Find that the leasing of 221 E. Walnut Street, Suites 199, 210 and 229 is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to the State CEQA Guidelines Section 15301 (Existing Facilities); there are no features that distinguish this project from others in the exempt classes, and therefore, there are no unusual circumstances; and
2. Authorize the City Manager to execute a lease amendment for the office space located at 221 E. Walnut Street, Suites 199, 210, 229 incorporating the terms and conditions generally described below, and to execute any other related agreements necessary to effectuate the transaction including non-substantial revisions.

BACKGROUND:

The City's Transportation Department and the Library and Information Services Department both currently lease a total of 12,372 square feet of office space at 221 E. Walnut Street, Suites 199, 210, and 229. The 14th amendment of the lease expired on October 31, 2022. These offices are used as both of the departments' central administrative offices. Of note, the Transportation Department has been in the same location since 1997. The City has looked at alternative office building sites and considered consolidating with other City departments' offices at one location, but a suitable location has not yet been identified. In addition, alternative locations are more expensive than the current rental rate of \$2.25/SF/month gross, and relocating would require additional expenses to move including loss of work productivity.

PROPOSED LEASE TERMS:

The City's Transportation Department and the Library and Information Services Department both currently lease 12,372 square feet at 221 E. Walnut Street, Suites 199, 210, and 229, from landlord Larry Sue. The proposed lease renewal would start retroactively on November 1, 2022, for a total term of 60 months (a one-year initial term with 4 one-year options). The starting base rent is at \$2.25 per square foot per month and increases annually by 3%: a total five-year base rent contract value not to exceed \$1,773,485.

Consistent with the previous lease, monthly rent does not include parking costs. The landlord will provide nominal requested tenant improvements.

ENVIRONMENTAL:

The City's continued leasing of 221 E. Walnut Street, Suites 199, 210, and 229, is categorically exempt from CEQA pursuant to State CEQA Guidelines Title 14, Chapter 3, Article 19, Class 1, Section 15301 (Existing Facilities). This exemption applies to the continued operation of existing facilities involving negligible or no expansion of use. Neither the landlord provided tenant improvements nor the continued operation for the proposed terms will result in any expansion of the existing use. Further, there are no features on this property that distinguish this project from others in the exempt classes, and therefore, there are no unusual circumstances.

COUNCIL GOALS AND OBJECTIVES:

The Lease is consistent with the City Council's goals to maintain fiscal responsibility and stability, and also to support and promote the quality of life and local economy.

221 E. Walnut Street, Suites 199, 210, and 229

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FISCAL IMPACT:

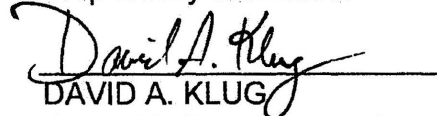
The lease during its respective terms will have a total contract value over five years not to exceed \$1,773,485, plus parking.

Prepared by:



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Respectfully submitted:



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Concurred by:



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Acting Director
Library and Information Services

Approved by:



MIGUEL MARQUEZ
City Manager