

Agenda Report

September 19, 2022

TO: The Honorable Mayor and City Council
FROM: Office of the City Manager - Economic Development Division
SUBJECT: OFFICE LEASE AGREEMENT LOCATED AT 1055 E. COLORADO BOULEVARD

RECOMMENDATION:

Staff recommends that the City Council:

1. Find that the leasing of office space located at 1055 E. Colorado Boulevard 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 lease agreement for the office space located at 1055 E. Colorado Boulevard, 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 Water and Power department currently leases a total of 36,697 square feet of office space at 150 S. Los Robles Avenue and 1055 E. Colorado Boulevard. These two office locations are used as the department's central administrative offices. The City has looked at alternative office building sites and considered consolidating both of these offices at one location, but a suitable location has not yet been identified. In addition, the City is currently in the very early stages of information gathering on consolidating all the Water and Power department offices to the existing historic Water and Power Building located at the southwest corner of Fair Oaks Avenue and E. Glenarm Street.

PROPOSED LEASE TERMS:

The City's Water and Power department currently leases 9,913 square feet at 1055 East Colorado, with BCSP 1055 East Colorado Property LLC. The proposed lease would start on November 1, 2022, for a term of 72 months. The starting base rent is \$3.70 per square foot per month and increases annually by 3% resulting in a total base rent contract value not to exceed \$2,700,275.

Consistent with the previous lease, additional rent includes parking costs, and the prorated share (the premises' percentage of the building's total square footage) of the building's operating expenses increases above the base amount of operating expenses in the year 2022. As defined in the terms of the lease agreement, the landlord will provide a \$15.00 per square foot tenant improvements allowance (\$148,695) and four months of free rent (\$146,712).

ENVIRONMENTAL:

The City's continued leasing of 1055 E. Colorado Boulevard 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 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 to support and promote the quality of life and local economy.

FISCAL IMPACT:

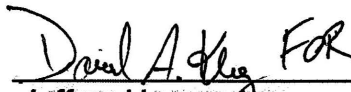
The lease during its respective terms will have a total contract value not to exceed \$2,700,275, plus parking and annual operating expense increases above the amount established in the base year.

Respectfully submitted,




DAVID A. KLUG
Economic Development Director
City Manager's Office

Prepared by:



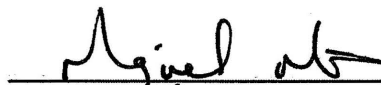
Jeffrey Hernandez
Real Property Manager
City Manager's Office

Concurred by:



JEFFREY KIGHTLINGER
Interim General Manager
Water and Power Department

Approved by:



MIGUEL MÁRQUEZ
City Manager