

Agenda Report

May 20, 2024

TO: Honorable Mayor and City Council

FROM: City Manager

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER A FORTY-MONTH OFFICE LEASE AGREEMENT WITH 199 S. LOS ROBLES, LLC., SAND 199 LOS ROBLES, LLC. AND ROBLES SM, LLC. FOR THE PREMISES LOCATED AT 199 S. LOS ROBLES AVE. SUITE #550/580, IN THE AMOUNT NOT TO EXCEED \$495,578 FOR RISK MANAGEMENT DIVISION OFFICES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the leasing of 199 S. Los Robles Avenue 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 enter a lease agreement with 199 S. Los Robles, LLC., Sand 199 Los Robles, LLC. And Robles SM, LLC. in the amount not to exceed \$495,578 for the office space located at 199 S. Los Robles Avenue 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 Manager's Office is in the process of centralizing the City's risk management functions, including the Insurance and Liability Claims, Safety, ADA Accessibility, and Workers' Compensation divisions, within the office of the City Manager. Together, these divisions will form the Risk Management Division. Staff in these divisions are currently situated in different locations, including the City Manager's Office, Public Works Engineering, Pasadena Water and Power's administrative office, and the City Attorney's Office. Due to space constraints, there is no space available at City Hall presently available to bring staff in the Division together in the same work location.

The Risk Management Division needs approximately 4,800 usable square feet of office space with sufficient parking and routine office accommodations for up to 17 employees. The purpose of bringing Risk Management together is to better support team cohesion and leverage the efficiency and productivity that result from regular and recurring in-person communication.

Proposed Terms:

The proposed lease would start on July 1, 2024, for a term of 40 months. It would become co-terminus with the City’s other Departments and align with the City’s Facility Needs Assessment goals to consolidate all departments.

The proposed base rental rate is \$3.20 per square foot for 4,208 total square feet with an effective rate of \$2.00 per square foot, when all landlord concessions are considered and factored into the lease term. The base rental rate does not include parking (Est. \$88,200) or the annual pro rata operating expenses increases above the base year of 2024.

Table 1: Summary of Base Rent for 199 S. Los Robles Ave Ste 550/580

Category	07/2024-06/2025	07/2025-06/2026	07/2026-06/2027	07/2027-11/2027	Category Total
Annual Base Rent	\$ 161,587.20	\$ 166,434.82	\$ 171,427.86	\$ 58,856.90	\$ 558,306.78
Landlord Concessions					
Total Concessions	\$ (62,729.07)	\$ -	\$ -	\$ -	\$ (62,729.07)
Estimated Totals	\$ 98,858.13	\$ 166,434.82	\$ 171,427.86	\$ 58,856.90	\$ 495,577.70

The landlord will provide a rental concession in the form of a tenant improvement allowance of \$89,238 for tenant-designed office improvements. In addition, the landlord will provide a three-month base rent abatement for months 2 through 4 in the amount of \$40,397, plus an additional rent abatement in the amount of \$22,332 in lieu of the broker’s commission.

COUNCIL POLICY CONSIDERATION:

The lease is consistent with the City Council’s goal to maintain fiscal responsibility and stability and to support and promote the quality of life and local economy.

ENVIRONMENTAL ANALYSIS:

Entering into a lease at 199 S. Los Robles Avenue 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.

FISCAL IMPACT:

The total estimated cost of this action will be \$495,578 over 40 months. Funding for this action will be addressed by utilization of the recommended FY 25 budget appropriations in the General Liability and Workers' Compensation Funds (506/507).

Respectfully submitted,



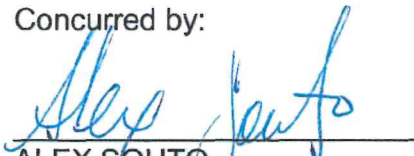
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MIGUEL MÁRQUEZ
City Manager

for