

# Agenda Report

October 28, 2024

**TO:** Honorable Mayor and City Council

**FROM:** City Manager

**SUBJECT:** **AUTHORIZE THE CITY MANAGER TO AMEND THE EXISTING LEASE AGREEMENT (CONTRACT NO. 24,011) 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, INCREASING THE LEASE AMOUNT BY \$32,015 OVER 36 MONTHS, FOR A TOTAL AMOUNT NOT TO EXCEED \$528,527 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 execute an amendment to lease agreement (contract No. 24,011) with 199 S. Los Robles, LLC., Sand 199 Los Robles, LLC. And Robles SM, LLC., increasing the lease amount by \$32,015 over 36 months for a total amount not to exceed \$528,527 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:**

On May 20, 2024, the City Council authorized the City Manager to execute a lease agreement with 199 S. Los Robles, LLC, Sand 199 Los Robles, LLC, and Los Robles SM, LLC. in the amount of \$495,578 for a term of 40 months. The lease agreement was necessary to address space constraints at City Hall by freeing up office space in the City Manager's Office, City Attorney's Office, and the Public Works Engineering Office where Risk Management Division staff were situated, and to establish one office

location for the Risk Management Division in order to foster team cohesion and leverage the efficiency and productivity that results from regular and recurring in-person communication. Since the time lease was originally executed, the need arose to move two additional staff members from the Fire and Police Retirement System located at City Hall to the new office, and to create a mother’s room to accommodate the needs of new or expectant mothers in the group. As a result, an additional 301 square feet is needed to support the needs of the office. The proposed amendment expands the office space from 4,207 square feet to 4,508 square feet. The amendment also reconciles a minor variance in the original lease calculation of \$934 over the term of the contract.

It is anticipated that relocation of the Risk Management Division and the Fire and Police Retirement System to the new office location will create sufficient space to address, at minimum, the mid-term space needs of the City Manager’s Office at City Hall. The Economic Development Division is in the process of conducting a City-wide Facility Needs Assessment, the purpose of which will be to address the City’s long-term space needs in a strategic and cost-effective manner.

**Proposed Terms:**

The proposed amendment would add 301 square feet to the existing lease footprint and would commence on November 1, 2024, for a term of 36 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 monthly base rental rate for the added square footage would be identical to the existing base lease rate of \$3.25 per square foot for 301 total square feet added and a total of 4,508 square feet. The effective rate for the additional square feet would be \$2.27 per square foot, when all landlord concessions are considered and factored into the lease term. The base rental rate does not include parking (Est. \$1,260 per year) or the annual pro rata operating expenses increases above the base year of 2024.

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

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	Month 1-12	Month 13-24	Month 25-36	Month 37-39		
Gross Rent	\$ 11,739	\$ 12,091	\$ 12,454	\$ -	\$ -	\$ 36,284
<b>LANDLORD CONCESSIONS</b>						
Less Rent Abatement	\$ 2,935	\$ -	\$ -	\$ -	\$ -	\$ 2,935
Less RE Commissions Rebate	\$ 1,334	\$ -	\$ -	\$ -	\$ -	\$ 1,334
<b>Net Base Rent</b>	\$ 7,470	\$ 12,091	\$ 12,454	\$ -	\$ -	\$ 32,015

The landlord will provide a rental concession of three-month base rent abatement for months 2 through 4 in the amount of \$2,935, plus an additional rent abatement in the amount of \$1,334 in lieu of the broker’s commission.

In addition, the landlord will provide a rental concession in the form of a tenant improvement allowance of \$6,385 for tenant-designed office improvements.

**Table 2: Summary of Landlord TI concessions for 199 S. Los Robles Ave Ste 550/580**

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	Month 1-12	Month 13-24	Month 25-36	Month 37-39		
TI Allowance	\$ 6,384.68	\$ -	\$ -	\$ -	\$ -	\$ 6,384.68

**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 \$32,015 over 36 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).

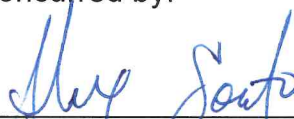
Respectfully submitted,

  
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