

Agenda Report

DATE: April 24, 2000
TO: CITY COUNCIL
FROM: CYNTHIA J. KURTZ
SUBJECT: FIRST AMENDMENT TO LEASE AT 215 NO. MARENGO AVENUE, BETWEEN THE CITY OF PASADENA (LESSEE) AND THE WALNUT PLAZA (LESSOR)

RECOMMENDATION:

It is recommended that the City Council approve the terms and conditions, as generally described below and authorize the City Manager to execute, a First Amendment to Lease No. 15,732 by and between the City of Pasadena (Lessee), and The Walnut Plaza (Lessor) and any other documents necessary to carry out this lease.

BACKGROUND:

On April 24, 1995 the City, as Lessee, and The Walnut Plaza, as Lessor, entered into a full service gross lease for the use of 4,306 square feet of office space by the City Prosecutor at 215 N. Marengo Avenue. This Lease is for a term of five years with two, three-year option periods and occupancy began July 1, 1995.

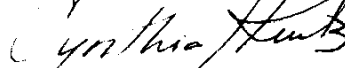
The proposed First Amendment will cancel the option periods and extend the lease term for four years at a revised rate. The rent is currently \$2.39 per square foot and the Lease contains a 5% annual increase that began compounding after the first lease year and would continue to compound through both option periods. The amendment will substantially lower the City's rent. The new terms and conditions are: 1) The new base rent is \$2.15 per square foot for the extension period and is based on a market survey of comparable facilities; 2) the amended Lease will have an annual increase based upon consumer price index with a minimum 2% annual increase that won't begin until the second year of the extension period; 3) the amendment also requires the Lessor to completely repaint and re-carpet the premises at his expense.

FISCAL IMPACT

The amended Lease will save the City nearly \$78,000 in rent over the four year lease extension period when compared to the existing Lease over the same period.

During the first year of the Lease extension there will be \$13,725 in rental savings to the City below the budgeted amount.

Respectfully Submitted,



CYNTHIA J. KURTZ
City Manager

Prepared by:



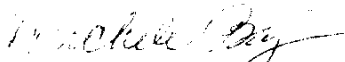
MANUEL NEGRETE JR.
Real Property Manager

Approved by:



RICHARD BRUCKNER
Director of Housing and Development

Reviewed By:



MICHELE BAGNERIS
City Attorney