

# Agenda Report

TO: CITY COUNCIL

DATE: November 22, 1999

FROM: CITY MANAGER

SUBJECT: RENEWAL OF LEASE FOR FIRE DEPARTMENT'S HEADQUARTERS  
SPACE AT 199 S. LOS ROBLES AVENUE

## RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to enter into a three year extension of the lease agreement with Los Robles Associates LLC for headquarters space for the Pasadena Fire Department at 199 S. Los Robles Avenue under the terms described in this report for the period December 1, 1999 through November 30, 2002.

## BACKGROUND:

The Pasadena Fire Department presently leases space in the building at 199 S. Los Robles Avenue for its headquarters. A one year lease extension negotiated in 1998 expires on November 30, 1999. The owner of the building, Los Robles Associates LLC, which purchased the building in 1999, has required that any renewal of the lease be for a term of no less than three years. The real estate broker engaged by the Fire Department to negotiate the lease or find alternative space, CB Richard Ellis, Inc., performed a market survey and found that rent in "Class A" buildings in Pasadena presently averages \$2.15 per square foot. The rental rate for this lease amendment is \$1.95 per square foot during the first year and \$2.05 for the two subsequent years.

Based on the 7,498 square feet rented, the monthly rental costs for base rent and up to 35 parking spaces for the first 12 months of the 3 year term would be \$16,371 per month, an increase of \$400 per month over the current lease rate including parking spaces of \$15,971. The City is also responsible for its pro rata share of increases in the building operating expenses and real estate taxes over the base year. In the past year, the previous building owner had rebated a portion of the rent by providing free parking space worth \$1,750 per month. The new owners have discontinued that rebate.

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AGENDA ITEM NO. 7.B.(1)

For the subsequent 24 months, the rent will be a total of \$17,121 per month plus any allowable increases in operating expense charges. The total out of pocket cost for the lease term is \$607,356 (including parking) plus any additional charges for increases in real estate taxes and building operating costs above the base costs.

The lease terms also provide the opportunity for the City to sublet space that is not being used should the Department relocate at some point in the future. There is also an option to renew for one additional three year term.

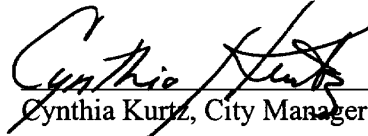
The Fire Department and its broker have been working on the lease renewal since May. However, the broker was not able to locate any suitable building space in a reasonably central location at a rent low enough to justify the cost of relocating the communication and other equipment now at the Fire Department headquarters, and there is no City-owned space available.

The Fire Department believes it is appropriate to obligate the City to this lease for the next three years based on these figures and lease conditions.

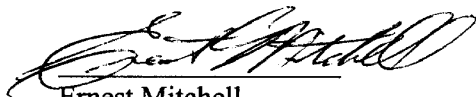
FISCAL IMPACT:

The terms of the proposed lease obligate the City for the payment of \$607,356 over the three year term of the lease for rent and parking charges, but not including any building operation charges which may be assessed. For the current fiscal year, the increase in rent over the unabated rental provided in the previous lease is \$400 per month. Sufficient funds for this purpose are in the Fire Department budget for the current fiscal year.

Respectfully submitted,

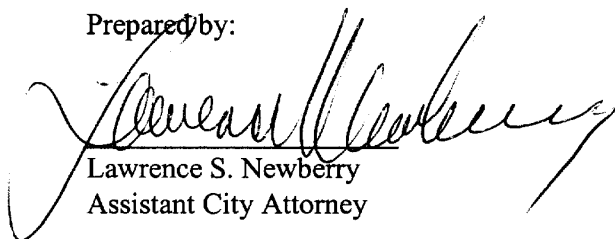
  
Cynthia Kurtz, City Manager

Concurrence:

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Ernest Mitchell  
Fire Chief

Prepared by:

A handwritten signature in black ink, appearing to read "Lawrence S. Newberry", written over a horizontal line.

Lawrence S. Newberry  
Assistant City Attorney