



Agenda Report

DATE: March 29, 2004

TO: CITY COUNCIL

FROM: CYNTHIA J. KURTZ, CITY MANAGER

SUBJECT: LEASE AGREEMENT FOR THE HOUSING DIVISION OF THE PLANNING AND DEVELOPMENT DEPARTMENT AT THE FAIR OAKS RENAISSANCE PLAZA LOCATED AT 665 N. FAIR OAKS AVENUE

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 lease agreement and any other documents necessary to carry out this transaction.

BACKGROUND:

It is necessary for the City of Pasadena to lease office space for employee relocation during the three-year period projected to complete the City Hall seismic retrofit. Further, it is projected that the Housing Division will not return to City Hall, but instead remain at Renaissance Plaza to better serve its clients and accommodate space needs at City Hall once retrofit is complete.

The proposed lease will be for five-years commencing June 1, 2004 with a five-year option to extend. The 6,266 square feet of office space to be leased is on the second floor over retail at the Renaissance Plaza shopping center. The space will be elevator and ADA accessible. Base rent will be \$1.77 per square foot. This equates to about \$11,100 per month and \$133,200 per year. The Lessor shall pay the cost of the tenant improvements that are being amortized over a ten-year period. However, should the City choose not to exercise the five-year option, approximately \$72,000 of the remaining balance of tenant improvement costs will be paid by the City at the end of the initial 5-year term. This is a full service gross lease with no pass-through of operating expenses but with an escalation clause tied to the Consumer Price index (CPI) with a minimum of three percent per year. The first escalation will not begin until the third year of the lease. The lease also provides 22 well-lighted parking spaces at no cost to the City and use of the adjacent community room that the Lessor has committed to complete in time for the City's occupancy.

FISCAL IMPACT

Sufficient funds are available in the current year budget and will be requested for the FY05 budget to cover the lease costs. The City Hall retrofit project budget will be funding staff relocation expenses.

Respectfully Submitted,



CYNTHIA J. KURTZ
City Manager

Prepared by:



MANUEL NEGRETE JR.
Real Property Manager

Concurred by:



MARTIN PASTUCHA
Director of Public Works

Approved by:



RICHARD BRUCKNER
Director of Planning and Development

Concurred by:



FOSTER HILDRETH
Seismic Retrofit Project Manager