

Agenda Report

TO: CITY COUNCIL

March 29, 2004

FROM: CITY MANAGER

SUBJECT: AMENDMENT TO THE OFFICE SPACE LEASE AT 117 EAST COLORADO BOULEVARD (AGREEMENT NO. 18,355) TO CONSTRUCT THE DATA CENTER TENANT IMPROVEMENTS FOR AN AMOUNT NOT TO EXCEED \$544,000.

RECOMMENDATIONS

It is recommended that the City Council authorize the City Manager to execute a lease amendment for the office space at 117 East Colorado Boulevard for data center tenant improvement expenses in an amount not to exceed \$544,000.

BACKGROUND

On September 8, 2003, City Council authorized the City Manager to execute a three-year lease of the Arroyo Seco Building (Chamber building) beginning June 1, 2004, for employee relocation during the duration of the City Hall seismic retrofit project.

The 62,280 rentable square feet gross lease of the Chamber building is for a three-year term and amounts to about \$4,415,000. Further evaluation of the City's needs revealed that ITSD staff and corresponding data center should remain at the building for a minimum term of 6 years. The executed lease term is for three years with a two-year option to renew, except that the City will lease the 3rd floor for a term of six years.

The lease provides for a tenant improvement allowance in the amount of \$400,000 for tenant-specific building alterations. The building owner is required to construct such tenant improvements to allow City of Pasadena occupancy on June 1, 2004. The ITSD data center tenant improvement requirements were not known at the time of the lease execution and were excluded from the \$400,000 tenant improvement allowance.

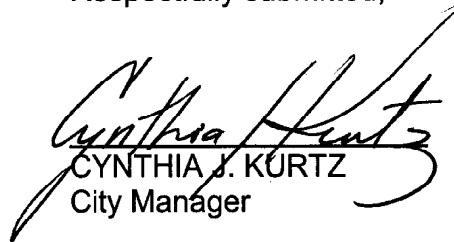
On February 23, 2004, City Council authorized staff to contract with PlanNet consulting for information technology design of the data center, as well as relocation consulting services for interim office space facilities. PlanNet has been waiting for the existing tenant (Western Asset) to vacate the premises to verify existing conditions prior to finalizing the design and cost to construct the tenant improvements for the data center.

The existing data center currently configured in the Chamber building (approximately 640 square feet) will be expanded to approximately 1,650 square feet. Data Center improvements will include raised flooring, relocation of existing utilities, electrical wiring, fire life safety upgrades, and substantial mechanical systems upgrades to meet climate control requirements. The Data Center construction budget has been estimated at \$544,000. The building owner is required to construct such improvements to allow City of Pasadena occupancy on June 1, 2004.

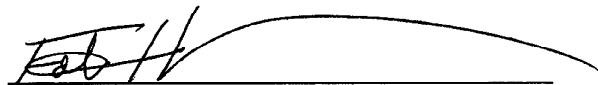
FISCAL IMPACT

Funding for the City Hall Seismic Retrofit project has been approved and budgeted for the amount of \$93,273,000. The funds for the data center tenant improvements have been anticipated and will come from the City Hall Seismic Retrofit project budget account 301-767100-71904 for an amount not to exceed \$544,000.

Respectfully submitted,


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City Manager

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