

AGENDA



Thursday, November 29, 2007

**Public Works
RECOMMENDATION FOR COUNCIL ACTION****Item No. 19**

Subject: Approve the negotiation and execution of a 38-month lease with the possibility of future renewals for approximately 2,270 square feet of office space for the City Prosecutor's Division of the Law Department, located at 814 San Jacinto, Suite 307, from JOHN B. PEARSON III, Pacific Palisades, CA, in an amount not to exceed \$160,245 for the initial lease term.

Amount and Source of Funding: Funding in the amount of \$33,188.75 is available in the Fiscal Year 2007-2008 Operating Budget of the Law Department. Funding for the remaining lease term period is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Dean Harris 974-7061, Pamela Ogelsby, Chief Prosecutor 974-1255, Robin Field 974-7064.

The Law Department Prosecutor's Office has occupied the space at 6th Street and IH-35 since 1998 in order to serve the Municipal Court.

On June 21, 2007, City Council approved renewal of a lease for office space for the City Prosecutor's Office. The owner of the building has not yet signed the renewal lease agreement. The Law Department Prosecutor's office is currently operating in that space on a month-to-month lease basis. Since Council approval of the lease, the condition of the building has deteriorated significantly.

The new proposed lease space is at a lower overall cost to the City than the lease amount previously proposed for renewal at the current space. The 38-month lease for 2,270 net rentable square feet is at an effective rate of \$21.94 per square foot annually for the full lease term including all operating expenses and parking. The first two months of the lease are at no charge for rent, with parking cost only. The monthly rent for the remaining 36 months is \$4,381.25 or \$52,575.00 annually. For comparison, the annual rent in the current location is \$62,400.00 annually plus electricity and janitorial expenses. It is anticipated that the Prosecutor's Office will relocate to the new Municipal Court facility once that facility is available.

If the City were to exercise the nonappropriation provision prior to the lease termination date, a prorata portion of the transaction cost and free rent would be required to be repaid. Additional negotiated terms and conditions may provide for future extensions of the lease term, including reasonable increases in rent.