

KEA 07-004
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9/18

000017	REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO	1. CERTIFICATE NUM 2800045
TO: CITY ATTORNEY	2. FROM (ORIGINATING DEPARTMENT): Real Estate Assets Department 070	3. DATE: July 3, 2007

4. SUBJECT: Lease Amendment To Add Space to City's Existing Lease at Civic Center Plaza

5. primary CONTACT (NAME, phone, & MAIL STA.) Diane Bartko (619) 236-6191 MS 51A	6. secondary contact (name, phone, & mail sta.) Charmaine Gillis (619) 236-6986	7. check BOX IF REPORT TO COUNCIL IS ATTACHED <input checked="" type="checkbox"/>
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8. COMPLETE FOR ACCOUNTING PURPOSES				9. ADDITIONAL INFORMATION / ESTIMATED COST:
FUND	100	10275	100	Cost: \$28,895.33 months 1 through 9 and \$30,033.9 months 10 through 12 (includes estimated operating expenses) Fiscal Impact: \$350, 254.90 FY08 Job: cc: Dept. Docket Clerk Thomas Guide Page: 1289 A-3
DEPT.	065	10275	601	
ORGANIZATION	2751	2552	2500	
OBJECT ACCOUNT	4682	4682	4682	
JOB ORDER	456500 002552		002500	
C.I.P. NUMBER				
AMOUNT	\$130,029.	\$130,029.	\$90,197.	

10. ROUTING AND APPROVALS							
ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIG. DEPT	<i>[Signature]</i>	7/5/07	6	DEPUTY CHIEF	<i>[Signature]</i>	7/10/07
2	DSD/EAS	<i>[Signature]</i>	7/11/07	7	C.O.O.	<i>[Signature]</i>	7/27/07
3	DOCKET LIAISON	<i>[Signature]</i>	7/16/07	8	CITY ATTORNEY	<i>[Signature]</i>	8/17/07
4	FINANCIAL MANAGEMENT	<i>[Signature]</i>	7/17/07	9	ORIG. DEPARTMENT	<i>[Signature]</i>	8/17/07
5	AUDITORS	<i>[Signature]</i>		DOCKET COORD: _____ COUNCIL LIAISON _____			
				<input checked="" type="checkbox"/> COUNCIL PRESIDENT <input type="checkbox"/> SPOB <input checked="" type="checkbox"/> CONSENT <input type="checkbox"/> ADOPTION <input type="checkbox"/> REFER TO: _____ COUNCIL DATE: 9/4/07			

11. PREPARATION OF:	<input type="checkbox"/> RESOLUTION(S)	<input checked="" type="checkbox"/> ORDINANCE(S)	<input type="checkbox"/> AGREEMENT(S)	<input type="checkbox"/> DEED(S)
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Authorize _____ to execute 12th amendment to add 19,890 square feet to the City's existing lease with Civic Center Associates effective August 1, 2007. The additional space, leased to San Diego Data Processing Center (SDDPC) through 7/31/07, is currently subleased by the City. Lease term will be coterminous with the Master Lease expiring July 23, 2014. The monthly rental rate, in accordance with the Master Lease, will be \$1.40 per square foot/month until March 31, 2008, then \$1.45 through the remainder of the term, plus operating expenses estimated at \$.06 in FY08. All but \$1, 887 of the FY08 rent cost of \$350,254.90 is already in the approved budget. Redevelopment will increase their allocation to object account 4682 by \$1,887.00.

11A. STAFF RECOMMENDATIONS: Introduce the ordinance.

12. SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION.)

COUNCIL DISTRICT(S): 2

COMMUNITY AREA(S): Centre City

ACTION REQUESTED BY: Real Estate Assets Department Director

DOCUMENT SUBMITTED: Amendment in triplicate for execution by the City Manager.

DESCRIPTIVE LOCATION: 1200 Third Avenue, Suite 1400, San Diego, CA 92101

ENVIRONMENTAL IMPACT: This activity is categorically exempt from CEQA pursuant to State CEQA Guidelines, Section 15301.

HANDLING: DO NOT RECORD Return documents to Real Estate Assets, Attention: D. Bartko, M.S. 51A, for further handling.

000019

EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE ISSUED: REPORT NO:
ATTENTION: City Attorney
ORIGINATING DEPARTMENT: Real Estate Assets
SUBJECT: Amendment to Add Space to Lease at Civic Center Plaza
COUNCIL DISTRICT(S): 2
CONTACT/PHONE NUMBER: Diane Bartko (619) 236-6191

REQUESTED ACTION: The City subleases 19,890 square feet of office space in Civic Center Plaza (CCP) from San Diego Data Processing (SDDPC), whose lease expires 7/31/07. Authorize City Manager to execute a lease amendment to add this space to the City's existing lease at (CCP) as of 8/1/07 through lease expiration on 7/23/14.

STAFF RECOMMENDATION: Introduce the Ordinance

EXECUTIVE SUMMARY: Redevelopment and City Planning & Community Investment (CPCI) relocated from 600 B Street to the 14th floor of Civic Center Plaza (CCP) under an existing sublease with San Diego Data Processing. While the total square footage is slightly larger at CCP, rent cost is reduced by \$84,885 in FY08 and yields aggregate savings through the end of the lease term of \$719,330 over the rent cost at 600B.

CCP Suite 424 will be used to enhance the Treasurer's operations by providing additional office space in CCP close to existing operations. While subleased from SDDPC this space was used by the City Attorney's office, which has since relocated to the basement of COB.

FISCAL CONSIDERATIONS: Rent for the existing CCP lease is significantly below market. Moving staff to CCP, reduces the City's overall rent cost. The total funding for this additional space in FY 08 is \$350, 254.90. There are no increases in the rent through the end of the term. Rent for suite 424 is in the approved FY 08 budget under fund 100 department 601 (General fund -Citywide). Funding for CPCI's half of the 14th floor is in the FY08 budget under fund 100 department 065. Redevelopment's half of the 14th floor is funded in the FY08 budget under fund 10275 department 10275.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None

KEY STAKEHOLDERS AND PROJECTED IMPACTS: The effected departments are in closer working proximity to other department staff and CAB, which increases operational efficiencies.



James F. Barwick, Director
Real Estate Assets Department



James Waring, Deputy Chief
Land Use & Economic Development

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE MAYOR TO EXECUTE A TWELFTH AMENDMENT TO THE LEASE BETWEEN THE CITY AND CIVIC CENTER ASSOCIATES, LLC, TO ADD SPACE LEASED IN THE CIVIC CENTER PLAZA BUILDING LOCATED AT 1200 THIRD AVENUE, SAN DIEGO, CALIFORNIA.

WHEREAS, pursuant to San Diego City Charter section 99, this ordinance requires a two-thirds' majority vote of the members elected to the Council to pass; and

WHEREAS, The City Of San Diego [City], as tenant, and Civic Center Associates, LLC, a California limited liability company [CCA], as landlord, are parties to that certain Lease dated October 21, 1991, as amended eleven times, relating to the City's leasing of office space in the Civic Center Plaza building [CCP Building], located at 1200 Third Avenue, San Diego, California; and

WHEREAS, the City intends to lease the entire 14th floor and Suite 424, comprising approximately 19,890 square feet of additional space in the CCP Building pursuant to a Twelfth Amendment to the Lease [Amendment], to be effective as of August 1, 2007, through the end of the Lease term, which is July 23, 2014; and

WHEREAS, the space on the 14th floor was subleased from San Diego Data Processing Corporation, Inc., a California corporation, through July 31, 2007; and

WHEREAS, the current market rent for properties comparable to the CCP Building has been determined by the City's Real Estate Assets Department to range from \$1.75 per square foot to \$2.55 per square foot; and

WHEREAS, the monthly rental rate under the Amendment will be \$1.40 per square foot until March 31, 2008, then \$1.45 per square foot through the remainder of the Lease term, plus operating expenses projected to be \$.06 per square foot per month in Fiscal Year 2008 [FY08]; and

WHEREAS, all but \$1,887 of the FY08 proposed rental cost of \$350,254.90 under the Amendment is already designated for such purpose in the City's approved budget; NOW, THEREFORE,

BE IT ORDAINED, by the City Council of The City of San Diego, as follows:

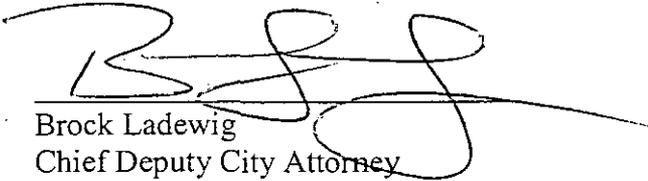
Section 1. That the Mayor or his designee is authorized to execute and deliver, for and on behalf of The City of San Diego, a Twelfth Amendment to Lease [Amendment] amending that certain Lease dated October 21, 1991, by and between The City Of San Diego, as tenant, and Civic Center Associates, LLC, a California limited liability company, as landlord, and relating to the addition of approximately 19,890 square feet of office space to the Lease premises located in the Civic Center Plaza building at 1200 Third Avenue, San Diego, California, under the terms and conditions set forth in the Amendment on file in the office of the City Clerk as Document No. OO-_____.

Section 2. That the Auditor and Comptroller is authorized and directed to expend up to \$350,254.90 in Fiscal Year 2008 as required under the Amendment, and to make such fund transfers and re-allocations as may be necessary and prudent to effect such payment.

Section 3. That a full reading of this ordinance is dispensed with prior to passage, a written copy having been available to the City Council and the public prior to the day of its passage.

Section 4. This ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By 
Brock Ladewig
Chief Deputy City Attorney

BL:bas
07/09/07
Or.Dept:READ
O-2008-1
MMS # 5049

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

TWELFTH AMENDMENT TO LEASE

This TWELFTH AMENDMENT TO LEASE ("Amendment"), dated for identification purposes May 16, 2007, is entered into by and between Civic Center Associates, a California limited liability company, as successor to Pacific Southwest Realty Company, a Delaware corporation ("Landlord"), and The City of San Diego, a California municipal corporation ("Tenant"), as an amendment to that certain Lease dated October 21, 1991, as amended by that certain Amendment to Lease dated, February 1, 1997, that certain Second Amendment to lease dated December 31, 1997, that certain Third Amendment to Lease dated July 1, 1999, that certain Fourth Amendment to Lease dated October 18, 1999, that certain Fifth Amendment to lease dated November 8, 1999, that certain Sixth Amendment to Lease dated March 16, 2000, and that certain Seventh Amendment to Lease dated August 15, 2000, that certain Eighth Amendment to Lease dated September 5, 2000, that certain Ninth Amendment to lease dated January 30, 2001, and that certain Tenth Amendment to Lease dated April 25, 2002, and that certain Eleventh Amendment to Lease dated July 10, 2003, between Landlord and Tenant (the "Lease"). Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Lease.

Landlord and Tenant hereby amend the Lease as follows:

1. Expansion Premises. The premises described in the lease shall be expanded to include the following described areas on the 14th and 4th floors of the building ("Expansion Premises"):

<u>Suite</u>	<u>Rentable Area</u>
Entire 14 th Floor	14,777
Suite 424	<u>5,113</u>
Total	19,890

The Expansion Premises are particularly shown on Exhibit "A" attached hereto and incorporated herein by this reference. As used in the Lease, the term "Premises" shall include the Expansion Premises, effective on the Commencement Date (defined below). The Premises, as so expanded, shall be comprised of approximately 239,791 square feet of Rentable Area.

2. Commencement Date. Tenant's rights and obligations with respect to the Expansion Premises under the Lease, as amended herein, shall commence August 1, 2007. Upon that date, Tenant shall commence paying Base Monthly Rent and Tenant's Share of Operating Expenses for the Expansion Premises.
3. Base Monthly Rent. The Base Monthly Rent for the Expansion Premises shall commence on the Commencement Date and will be as follows:

<u>Period</u>	<u>Monthly Rent</u>
8/1/07 – 3/31/08	\$27,846.00 (\$1.40 per RSF)
4/1/08 – 7/23/14	\$28,840.50 (\$1.45 per RSF)

If the Commencement Date begins on a day other than the first day of a month, the rent for the partial month shall be prorated on a per diem basis.

4. Tenant's Percentage Share of Operating Expenses. Tenant's Percentage Share of Operating Expenses shall increase from 82.37% to 89.82% on the Commencement Date.
5. Base Year for Expansion Premises. Per Paragraph 5 of the Second Amendment to Lease, the Base Year was adjusted to a new Base Year of 2003 effective April 1, 2003.
6. No Relocation Allowance. Because the Expansion Premises are not being leased hereunder during the first three (3) years of the Term of the Lease, Tenant shall not receive a Relocation Allowance for the Expansion Premises.
7. Tenant Improvements. In accordance with the letter agreement between Tenant and Landlord dated June 15, 2005, Landlord shall not be obligated to make any further modifications, changes or additional improvements to the Expansion Premises or expend any additional sums therefore.
8. Brokers. In accordance with the letter agreement between Tenant and Landlord dated June 15, 2005, each party warrants to the other that there are no brokerage commissions or fees payable in connection with this Amendment. Each party further agrees to indemnify and hold the other party harmless from any cost, liability and expense (including attorney's fees and the allocated costs of Landlord's in house attorneys) which the other party may incur as the result of any breach of this Paragraph 8.
9. Ratification. Landlord and Tenant hereby confirm that the Lease, as modified herein, remains in full force and effect, and each party is bound by all of the provisions set forth therein.

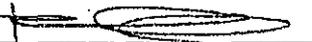
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IN WITNESS WHEREOF, this Amendment to Lease is executed by the City of San Diego acting by and through its City Manager, and by Landlord acting by and through its lawfully authorized officers. This Amendment is subject to City Council approval.

LANDLORD:

Civic Center Associates, LLC,
a California limited liability company

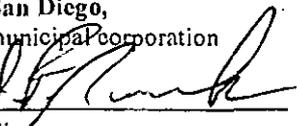
By: Rock Asset Management, Inc.
a California corporation, Manager

By: 
Name: Richard Wolfen
Title: President

By: 
Name: Richard Wolfen
Title: Secretary

TENANT:

The City of San Diego,
a California municipal corporation

By: 
Name: _____
Title: Director
Real Estate Assets Department

APPROVED AS TO FORM AND LEGALITY THIS

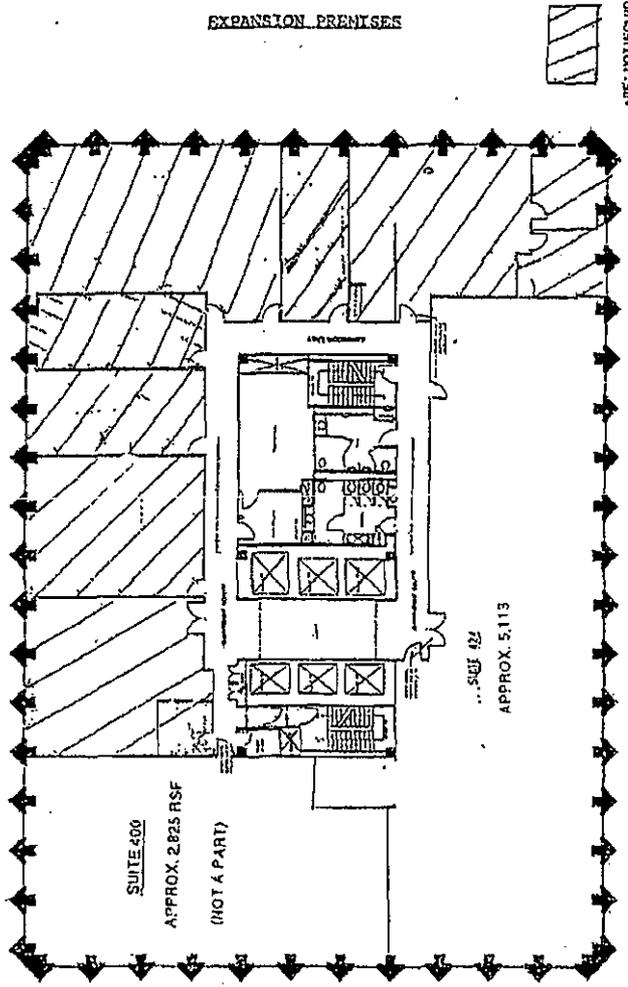
20th day of August, 2007

Michael J. Aguirre City Attorney

By: 
Brock LaBene
Deputy City Attorney

000030

EXHIBIT A
EXPANSION PREMISES



AREA NOT INCLUDED
 KOLL MANAGEMENT SERVICES
 1100 THIRD AVENUE - SUITE 402
 SAN DIEGO, CALIFORNIA 92101
 (619) 237-8226

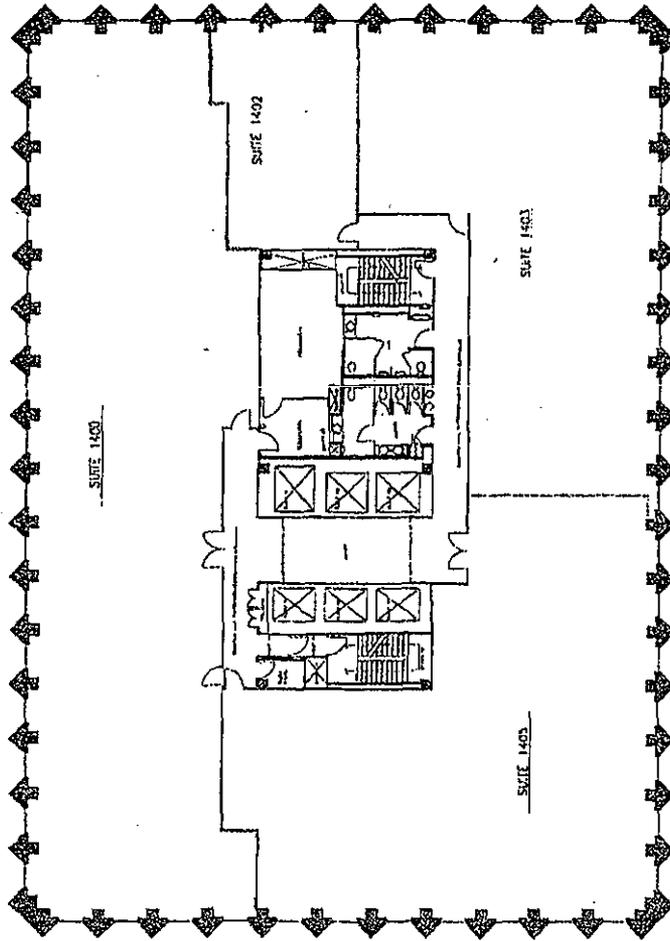
KOLL MANAGEMENT SERVICES
 1100 THIRD AVENUE - SUITE 402
 SAN DIEGO, CALIFORNIA 92101
 (619) 237-8226



CIVIC CENTER PLAZA

FLOOR	R.S.F.	USE	FACTOR
SUBTOTAL	54,816.27	15,206.6	1,066,627
TOTAL	14,021.27	12,274.99	1,172,886

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KOLL MANAGEMENT SERVICES
1200 INHO AVENUE, SUITE 405
SAN DIEGO, CALIFORNIA 92101
(619) 232 8010



0' 1" 2"
PLOT DATE 31 AUG 95

CIVIC CENTER PLAZA