



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: March 20, 2012

TO: Mayor and Councilmembers

FROM: Community Services Division, Police Department

SUBJECT: Introduction Of Ordinance For Police Department Annex Office Lease Extension

RECOMMENDATION:

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving and Authorizing the Chief of Police to Execute an Amendment to the Police Annex Office Lease With LL&A-2, the Owner and Landlord of 222 East Anapamu Street, to Extend the Term of Lease Agreement No. 20,106 for an Initial Term of Five Years, with One Five-Year Option, Effective April 27, 2012.

BACKGROUND:

On December 19, 2000, Council approved lease agreement No. 20,106 with LL&A-2, L.L.C., formerly Fairwood Properties, for the 8,556 square foot Police Annex office building at 222 East Anacapa Street.

On December 7, 2010, Council approved a First Amendment to Lease Agreement No. 20,106, extending the term of the lease for eighteen months (through June 30, 2012) with one eighteen month option to extend. The base rent was \$14,930 (\$1.75 per square foot) plus triple net ("NNN") charges. NNN charges consist of common area maintenance expenses, property tax and Landlord's insurance. The base rent during the option period (July 1, 2012-December 31, 2013) was subject to renegotiation.

DISCUSSION:

In early January 2012, LL&A-2 contacted the Police Department regarding exercising the eighteen month option, and notified the Department that the rent during the option period would increase to \$17,468 (\$2.04 per square foot) plus NNN charges.

Following discussions between staff and Mr. Larson, LLA-2 subsequently agreed to a longer term lease with a lower base rent than initially proposed. A couple of other minor changes were made to the agreement as outlined below:

- **Term:** Five year initial term, with one five-year option to extend;
- **Option Rent:** Base rent is not subject to renegotiation for the option period;
- **Rent:** Base rent of \$15,874 per month (\$1.86 per square foot), commencing July 1, 2012, subject to annual cost of living increases based on the Consumer Price Index (CPI); and
- **CPI cap:** CPI is limited to a maximum of 5% in any one lease year.

All other terms of the lease remain unchanged.

BUDGET INFORMATION:

Sufficient funds for the Police Department Annex Office Lease will be included in the Department's Fiscal Year 2013 recommended budget.

PREPARED BY: Captain Gil Torres

SUBMITTED BY: Camerino Sanchez, Chief of Police

APPROVED BY: City Administrator's Office