



Legislation Details (With Text)

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Title: Actions pertaining to a lease agreement between the City of Fresno and Tutelian Holdings I, LLC, a California limited liability company, for office space located at 2440 Tulare Street.
1. Adopt a finding of Categorical Exemption per staff determination, pursuant to Section 15301/Class 1 (Existing Facilities) of the California Environmental Quality Act (CEQA) Guidelines
2. Approve a 10-year lease agreement between the City of Fresno and Tutelian Holdings I, LLC, a California limited liability company in the amount of \$157,719 annually, with annual increases averaging 2.5%, plus the proportionate share of building operating costs estimated at \$69,408 annually

Sponsors: General Services Department, City Attorney's Office

Indexes:

Code sections:

Attachments: 1. Lease Agreement

Date	Ver.	Action By	Action	Result
7/20/2023	1	City Council	APPROVED	Pass

REPORT TO THE CITY COUNCIL

FROM: BRIAN BARR, Director
General Services Department

BY: JORDAN CONARD, Property Specialist I
General Services Department

SUBJECT

Actions pertaining to a lease agreement between the City of Fresno and Tutelian Holdings I, LLC, a California limited liability company, for office space located at 2440 Tulare Street.

1. Adopt a finding of Categorical Exemption per staff determination, pursuant to Section 15301/Class 1 (Existing Facilities) of the California Environmental Quality Act (CEQA) Guidelines
2. Approve a 10-year lease agreement between the City of Fresno and Tutelian Holdings I, LLC, a California limited liability company in the amount of \$157,719 annually, with annual increases averaging 2.5%, plus the proportionate share of building operating costs estimated at \$69,408 annually

RECOMMENDATION

Staff recommends Council adopt a finding of Categorical Exemption per staff determination, pursuant to Section 15301/Class 1 (Existing Facilities) of the CEQA Guidelines and approve a 10-year lease

agreement between the City of Fresno and Tutelian Holdings I, LLC, a California limited liability company, for office space at 2440 Tulare Street, in the amount of \$157,719 annually in rent payments, with annual increases averaging 2.5%, plus the City's proportionate share of building operating costs estimated at \$69,408 annually.

EXECUTIVE SUMMARY

As adopted in the FY2024 budget, the City Attorney's Office anticipates adding staff positions to address a significant increase in the department's workload. The City Attorney's Office has outgrown the available space at City Hall and a portion of the office must relocate off-site to accommodate its additional staffing needs.

General Services Department and City Attorney's Office have negotiated a 10-year lease with Tutelian Holdings I, LLC for 6,499 square feet of office space located at 2440 Tulare Street, Suite 100 in Fresno. The term of the proposed lease will end on October 31, 2033. The proposed negotiated lease rate in the first year is \$1.80 per square foot (\$11,699 per month) and increases by an average of 2.5% annually. In addition to the monthly rent due, the City shall also pay 7.55% of building operating costs, estimated at \$69,408 annually. The security deposit has been waived and base rent is abated for the first two months following the term commencement date.

BACKGROUND

The City Attorney's Office provides the City with advice to the Council and all City Officers on all matters of the law pertaining to their offices. Services range from transactional work on economic development projects, large scale financings, contracts, land use, and personnel, to a full range of litigation, responses to Public Record Act Requests, and code enforcement.

As adopted in the FY2024 budget and position authorization, the City Attorney's Office anticipates adding 10 full time attorneys and staff positions to address a significant increase in the department's workload. While increasing capacity to address the City's legal needs, the City Attorney's Office has outgrown the available space at City Hall and a portion of the office must relocate off-site to accommodate added staffing. Staff has identified suitable office space at 2440 Tulare Street.

The City Attorney's Office is seeking to lease 6,499 square feet of office space at 2440 Tulare Street, Suite 100 with an effective term of September 1, 2023, through October 31, 2033.

The proposed negotiated lease rate is \$1.80 per square foot (\$11,699 per month) for rent and increases by an average of 2.5% annually. This office space is currently occupied by the City's Budget and Management Studies Department. Budget's lease terminates July 31, 2023, and staff will be relocated to City Hall this summer. The negotiated lease rate is a net decrease from the Budget Department's prior lease agreement term of \$2.55 per square foot (\$16,562 per month).

In addition to the monthly rent due, the City shall also pay 7.55% of building operating costs estimated at \$69,408 annually. The City's share of building operating costs is proportionate to the square footage of the leased office space to the total rentable square footage of the building.

The lease agreement has been reviewed and approved by the City Attorney's Office as to form.

ENVIRONMENTAL FINDINGS

Staff has performed preliminary environmental assessments of this project and has determined this project is exempt under Section 15301/Class 1 (Existing Facilities) of CEQA Guidelines as it involves no alteration of existing facilities, with no expansion of use. Furthermore, none of the exceptions to Categorical Exemptions set forth in CEQA Guidelines, Section 15300.2, apply to this project.

LOCAL PREFERENCE

Local preference was not considered because this action does not include a bid or award of a City construction contract.

FISCAL IMPACT

The lease payments have been included in the adopted FY2024 budget under the City Attorney's Office through Budget Motion 104. Funding for future years will be included in the appropriate fiscal year's budget subject to Council approval.

Attachment: Lease Agreement