

STAFF REPORT



ITEM NO. 8 CITY OF OCEANSIDE

DATE: March 21, 2007

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

SUBJECT: **APPROVAL OF AMENDMENT 2 TO THE LEASE AGREEMENT WITH R.J. LAND CO., L.P., FOR SPACE AT THE MESA MARGARITA SHOPPING CENTER FOR THE SAN LUIS REY VALLEY RESOURCE CENTER AND POLICE STOREFRONT**

SYNOPSIS

Staff recommends that the City Council approve Amendment 2 in the total amount of \$128,088 for the three-year period, to the Lease Agreement with R.J. Land Co., L.P., of Oceanside to extend the term of the agreement from March 31, 2007, to March 31, 2010, for the San Luis Rey Valley Community Resource Center and Police Storefront in the Mesa Margarita Shopping Plaza at 521B Vandegrift Boulevard; and authorize the City Manager to execute the amendment.

BACKGROUND

The City has been operating the Resource Center from leased space at the Mesa Margarita Shopping Center since 1997. The Resource Center currently occupies 3,600 square feet of space at 521B Vandegrift Boulevard. A front office that is part of the leased space is occupied by a Police Storefront serving the local community. Additionally, the Resource Center offers the following programs and services: North County Lifeline after School & Teen Club, Karate Classes, Brother Benno's Food Assistance, Spanish Language Alcoholics Anonymous, Women, Infants and Children (WIC) Food Supplement as well as translation and forms assistance from staff provided by SER Inc. The lease as amended is due to expire on March 31, 2007. The Neighborhood Services Department would like to continue operating the Resource Center at its current location. Staff is also assessing options to increase staffing of the Resource Center and will address the additional staffing as part of the budget update.

ANALYSIS

The shopping center management and owner have proposed a three-year extension of the term of the lease beginning April 1, 2007, and continuing through March 31, 2010. The rental rate under the proposed lease amendment will remain at \$0.90 per square foot or \$3,240 per month for the remainder of fiscal year 2006/2007. Beginning on July 1, 2007 the rent will increase to \$3,312 per month; increasing to \$3,384 per month on April 1, 2008; and increasing to \$3,456 per month on April 1, 2009. Rental increases are at 2.2 percent throughout the extended term. Common area maintenance (CAM) charges will remain at \$180 per month with all other terms of the lease remaining the same.

FISCAL IMPACT

The attached Amendment 2 will result in annual rental expense of \$39,528 the first year \$40,608 the second year; and \$41,472 in the third year of extension period for a total of \$121,608. Annual common area maintenance (CAM) charges for each year of the extension term will remain at \$2,160 or a total of \$6,480 for the full three-year extension term. Total rental and CAM expenses for the three-year period to the City will be \$128,088. Funds to pay the rent (287.298762.5341) and CAM (287.298762.5211) costs for the Resource Center and Police Storefront are appropriated in the current budget. Subsequent appropriations will need to be made for the second and third years of the lease extension term through the City's regular budget process.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council approve Amendment 2 in the total amount of \$128,088 for the three-year period, to the Lease Agreement with R.J. Land Co., L.P., of Oceanside to extend the term of the agreement from March 31, 2007, to March 31, 2010, for the San Luis Rey Valley Community Resource Center and Police Storefront in the Mesa Margarita Shopping Plaza at 521B Vandegrift Boulevard; and authorize the City Manager to execute the amendment.

PREPARED BY:



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Program Specialist

SUBMITTED BY:



Peter A. Weiss
Interim City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Joseph Arranaga, Acting Deputy Public Works Director

Margery Pierce, Neighborhood Services Director

Douglas E. Eddow, Real Property Manager

Nita McKay, Financial Services Director









SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT DATED FEBRUARY 14, 2007 TO THAT CERTAIN LEASE DATED MAY 17, 2001, BY AND BETWEEN R.J. LAND CO., L.P. AS LANDLORD, AND CITY OF OCEANSIDE, AS TENANT.

- A. Tenant entered into a retail building lease dated May 17, 2001, and as amended by First Amendment dated April 1, 2004, affecting certain leasable space designated as approximately 3,600 square feet located at 521 Vandergrift, Suite A, Oceanside, CA 92054.
- B. The Lease is in full force and effect and neither Landlord nor tenant has actual knowledge of any default or breach by the other under the Lease.
- C. Landlord and Tenant desire to amend the Lease as provided in this Amendment.
- D. Unless otherwise defined, or the context otherwise indicates, the terms and used herein have the meaning defined in the Lease. The provisions of this Amendment shall control over any inconsistent provisions of the Lease. All provisions in the Lease, which are not addressed in this Amendment shall remain in full force and effect.

NOW THEREFORE, in consideration of the Covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as set forth below.

The Lease is hereby amended as follows:

TERM: Effective April 1, 2007, the Lease Term is hereby extended through March 31, 2010.

RENT: April 1, 2007 - June 30, 2007 - \$3,240.00 (Rent) + \$180.00 = \$3,420.00
July 1, 2007 - March 31, 2008 - \$3,312.00 (Rent) + \$180.00 = \$3,492.00
April 1, 2008 - March 31, 2009 - \$3,384.00 (Rent) + \$180.00 = \$3,564.00
April 1, 2009 - March 31, 2010 - \$3,456.00 (Rent) + \$180.00 = \$3,636.00

AGREED:

LANDLORD: R. J. LAND CO., L.P.

By _____ DATED _____
Roy Josepho, General Partner

TENANT: CITY OF OCEANSIDE

By _____ DATED _____