



# AGENDA REPORT

SAN CLEMENTE CITY COUNCIL MEETING  
Meeting Date: May 16, 2017

Agenda Item	6E
<b>Approvals:</b>	
City Manager	
Dept. Head	
Attorney	SS
Finance	

**Department:** Finance & Administrative Services  
**Prepared By:** Erik Sund, Assistant City Manager

**Subject:** *AMENDMENT TO THE 2<sup>ND</sup> FLOOR OFFICE LEASE – 910 CALLE NEGOCIO – AMMCOR*

**Fiscal Impact:** Yes. Current year expenditures in the Negocio Debt Service Fund will increase by \$25,300 for Broker commissions. Rental revenue to the General Fund will increase \$842,900 over the five year term of the proposed Amendment.

**Summary:** AMMCOR has occupied a portion of the 2nd floor of the 910 Calle Negocio building since August 1, 2012. The proposed Amendment extends their occupancy for an additional five (5) year term, expiring on July 31, 2022.

**Background:** The City has subleased portions of the Community Development facility, located at 910 Calle Negocio, since the building was first purchased in the early 1990's. AMMCOR has occupied a portion of the 2<sup>nd</sup> floor of the building for the past five years and approached the City to modify terms to extend their lease for an additional five (5) year term.

**Discussion:** AMMCOR currently occupies 8,264 sq. ft. of space on the 2<sup>nd</sup> floor of the 910 Calle Negocio building. The existing lease provides for a one-time option to extend the lease for a three year term at the then fair market rate.

AMMCOR approached the City in March with a proposal to extend the lease for an additional five (5) year period, rather than the three (3) year period provided for in the original lease. Staff then worked with the original Broker to establish the fair market rate for comparable office space in the area and negotiated acceptable terms to both parties to extend the lease.

Under terms of the original lease agreement with AMMCOR, the Broker, Johnson Pacific, is entitled to a 3% commission for any lease extensions. This amounts to \$25,300 and is due upon execution of an extension.

**Recommended Action:** STAFF RECOMMENDS THAT the City Council:

1. Approve and authorize the City Manager to execute the Amendment for the lease of 8,264 sq. ft. on the 2<sup>nd</sup> floor of the 910 Calle Negocio building by and between the City of San Clemente and AMMCOR, and

2. Approve a supplemental appropriation of \$25,300 to account number 006-803-43605 (Broker commissions) for the payment of the broker commission from the Negocio Debt Service Fund balance.

**Attachments:**

1. Amendment to the Standard Multi-Tenant Office Lease – Gross

**Notification:** AMMCOR

AMENDMENT

AMENDMENT TO THAT CERTAIN STANDARD MULTI-TENANT OFFICE LEASE-GROSS, DATED FOR REFERENCE PURPOSES ONLY, FEBRUARY 23, 2012, MADE BY AND BETWEEN THE CITY OF SAN CLEMENTE, AS LESSOR, AND AMMCOR, AS LESSEE FOR THE PROPERTY LOCATED AT 910 CALLE NEGOCIO, SUITE 200, SAN CLEMENTE, CALIFORNIA.

**1. AMENDMENT PREPARATION:**

This Amendment has been prepared by Johnston Pacific Commercial Real Estate, Inc., at the request of Lessor and Lessee. The Lessor and Lessee agree to indemnify, defend, and hold harmless Johnston Pacific Commercial Real Estate, Inc., its respective agents and employees, from and against any claims, expenses, losses and liability, including without limitation, attorney fees and costs that may be occasioned as a result of completing this Amendment. Lessor and Lessee acknowledge being advised by Johnston Pacific Commercial Real Estate, Inc., to have this Amendment reviewed by their respective attorneys.

**2. LEASE TERM:**

The lease term shall be extended five (5) years. The lease will now expire on July 31, 2022.


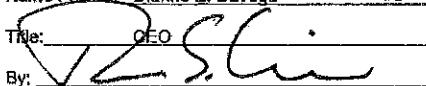
**3. MONTHLY BASE RENT:**

August 1, 2017 thru July 31, 2018	\$13,222.40 per month (\$1.60 FSG per sq. ft. per month)
August 1, 2018 thru July 31, 2019	\$13,635.60 per month (\$1.65 FSG per sq. ft. per month)
August 1, 2019 thru July 31, 2020	\$14,048.80 per month (\$1.70 FSG per sq. ft. per month)
August 1, 2020 thru July 31, 2021	\$14,462.00 per month (\$1.75 FSG per sq. ft. per month)
August 1, 2021 thru July 31, 2022	\$14,875.20 per month (\$1.80 FSG per sq. ft. per month)

All other terms and conditions of the lease shall remain the same.

The parties hereto have executed this Amendment at the place and on the dates specified above their respective signatures.

Executed at \_\_\_\_\_  
on: \_\_\_\_\_  
LESSOR: City of San Clemente  
By: \_\_\_\_\_  
Name Printed: \_\_\_\_\_  
Title: \_\_\_\_\_  
By: \_\_\_\_\_  
Name Printed: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: 100 Avenida Presidio  
San Clemente, CA 92672  
Telephone: (949) 361-8200  
Facsimile: (949) 361-8285  
Email: cityhall@san-clemente.org

Executed at San Clemente, CA  
on: April 17, 2017  
LESSEE: AMMCOR  
  
Name Printed: Dianne E. Davega  
Title: CEO  
By:   
Name Printed: Thomas S. Marler  
Title: Chief Operating Officer  
Address: 4082 Calle Negocio #F 910 Calle Negocio  
San Clemente, CA 92673 #200  
Telephone: (949) 661-7767  
Facsimile: (949) 661-5896  
Email: ddavega@ammcor.com