

South Bay Cities Council of Governments

July 25, 2019

TO: SBCCOG Board of Directors

FROM: Jacki Bacharach, Executive Director

RE: Office Move

Adherence to the Strategic Plan

Goal D: Organizational Stability. Be a high performing organization with a clear path to long-term financial health, staffing continuity and sustained board commitment.

BACKGROUND

The current lease for the SBCCOG office expires on November 30. It is essential that we finalize documents to secure a new place as soon as possible so that there is time to build it out to our specifications before we need to move.

With the assistance of Colliers International, SBCCOG staff and Board members have toured several sites and have determined the site that can best meet our needs is the Plaza Del Amo business park at the corner of Sepulveda & Crenshaw Blvd.s (2355 Crenshaw Blvd). Staff has also contacted other agencies to see if they would like to utilize desk space in our office and help us defray the rent. Floor plans were drawn up by the property's architect (Exhibit A) accordingly. As drawn, the office space totals 5,265sf. A Proposal to Lease (Exhibit B) was returned to the property owner on July 16th. Currently, a draft lease is under development by the property owners and is expected to be received before August 1, 2019.

We recently learned that Caltrans and Supervisor Hahn's office are not currently interested in subleasing. As a result, the SBCCOG could reduce the square footage by 797sf which would bring the total to 4,468sf. The Board, however, may want to consider keeping the additional space to accommodate a future sublet and/or growth at the SBCCOG. SBCCOG staffing is currently leaner than it has been previously, and any program growth may require additional staffing space needs.

Additionally, SBCCOG staff researched the opportunity to utilize the Southern California Regional Occupational Center (SCROC) Board Room as opposed to building an in-suite Board Room. Staff toured the site and determined it could be an option, but upon further discussion with SCROC staff, the minimum fee for use is \$350/use plus associated SCROC staff cost for after-hours work. The room also is not available for all of the SBCCOG Board meeting dates.

PLAZA DEL AMO SPACE HIGHLIGHTS

Final details will be included in the lease agreement. Preliminary details are outlined on Proposal to Lease (Exhibit B) and the following sections highlights some of them.

As seen in Exhibit A, the larger floor plan includes:

- 11 private offices
- 1 to 2 shared private offices

- 1 reception/waiting area
- 1 conference room (10-12 people approx.)
- 1 IT closet
- 1 kitchen/storage room
- 1 large board room
- Space for two additional workstations
- Creation of a main entrance into the parking lot

If the smaller floorplan is chosen, there will be three (3) fewer private offices. All other items listed above will remain.

The following are general terms of the lease, regardless of the floor plan ultimately chosen:

- Rental rate of \$2.35/sf for year 1, with a 3% annual increase. This amount is .10 cents/sf less than initially proposed and is .20 cents/sf less than what the Landlord is currently listing other spaces for.
- 5-year term with an option for an additional 5-year renewal.
- Rent for months 2-4 will be waived.
- Landlord will pay for **full** turn-key buildout of all space in Exhibit A, except for the accordion partition wall and lower cabinetry proposed for the Board Room.
- Abundant parking (with 3.5 spaces/1,000sf of space leased).
- Security deposit of 110% of last month's Base Rent.

Other property amenities include:

- Fully renovated building lobbies, common area corridors and restrooms, and landscaping upgrades.
- On-site deli with catering capability.
- Energy Star label (2012).
- EV charging stations.
- Access to the I-405 and I-110 freeways from Crenshaw and Sepulveda Blvds.
- Close proximity to destinations such as the Del Amo Fashion Center, Wilson Park, SCROC, the future Torrance Transit Center, and more.

MOVING RELATED ITEMS

There are additional items that will be addressed upon execution of a lease agreement and during the subsequent months prior to move in. These items include, but are not limited to the following:

- **Permission to connect to the South Bay Fiber Network (SBFN).** SBCCOG staff will continue to coordinate with the Park Del Amo property management to request permission to connect to the network. There may be minor trenching required to bring the fiber connection into the suite for which we will need landlord approval. Construction costs would all be covered under the South Bay Measure M funding allocated for the SBFN project. The topic was discussed during site visits and meetings with the leasing agent, who indicated that the landlord would likely grant permission. SBFN consultants recently discussed the technical aspects of the project, however, the property management representative was hesitant to discuss the item prior to a lease agreement.
- **Technology relocation and network reconfiguration.** SBCCOG staff is currently working with SugarShot, our IT contractors, to obtain a quote on relocating and reconfiguring the computer network. Initial estimates are between \$7,000 - \$9,000. SBCCOG staff will also obtain quotes from other firms.

- **Moving costs.** SBCCOG staff is working to minimize the volume of items needed to be moved. We are currently reviewing paper files that can be converted to electronic files and destroyed (in accordance with California records laws and the SBCCOG file retention schedule).
- **Signage.** We may consider obtaining quotes to install “eye-brow” signage above the entrance to the office. Staff learned that it would cost \$500/month to be listed on the marquee located at the corner of Crenshaw/Sepulveda Blvds. The landlord will permit eye-brow signage above our entrance as long as it is done by an approved contractor and is paid for by the SBCCOG.

RECOMMENDATION:

Determine if the SBCCOG should move forward with the 5,265sf plan or the 4,468sf plan and authorize the Chair to enter into the lease agreement upon approval of SBCCOG legal review.



Michael Harry
Vice President
Lic.00940402

CBRE, Inc.
Office Properties
Broker Lic. 00409987

2221 Rosecrans, Suite 100,
El Segundo, CA 90245

T 310 363 4980
F 310 363 4905

mike.harry@cbre.com

July 10, 2019

Mr. Thacher Goodwin
Mr. Robert Shibuya
Colliers International
2121 Rosecrans Avenue, Suite 3301
El Segundo, CA 90245

Re: Counter Proposal to Lease – Park Del Amo

Thacher and Robert,

Thank you for your redline Proposal to Lease. CBRE, on behalf of The Owner ("Landlord"), hereby submits this Counter Proposal to Lease upon which Landlord is prepared to enter into discussions for a lease transaction (the "Lease") with South Bay Cities Council of Governments ("Tenant") for certain premises at Park del Amo, 2355 & 2377 Crenshaw Boulevard, Torrance, California.

Park del Amo is a 205,714 square foot, highly improved two building office park. Building highlights include:

- Fully renovated building lobbies, common area corridors and restrooms, plus select exterior painting and landscaping upgrades
- Abundant surface parking
- Landscaped courtyard and an on-site deli with catering capability
- On-site property management, engineering, and day porter services to meet tenants' daily needs.
- Awarded an Energy Star label in 2012 for its operating efficiency
- High identity location on the corner of Crenshaw and Sepulveda Blvds
- Torrance location has no gross receipts tax

I appreciate your timely response to this proposal. If you have any questions, please contact me at your earliest convenience.

Sincerely,

A handwritten signature in black ink that reads "Michael H. Harry". The signature is fluid and cursive, with a long, sweeping underline.

Mike Harry
Vice President
310.363.4980

cc: Jim Harper, TA Associates Realty

PROPOSAL TO LEASE

- Premises:** The premises shall be located at 2355 Crenshaw Boulevard, Torrance, California, and contain approximately 5,265 rentable square feet on the ground floor in Suite 125 ("Premises").
- Term and Commencement:** The Term of the Lease shall be sixty-three (63) months and shall commence December 1, 2019 (the "Commencement Date").
- Base Rental Rate:** \$2.35 per RSF, per month, FSG. However, months two (2) through four (4) shall be rent free.
- Escalations:** The base rent shall increase annually by 3%.
- Use:** General office use consistent with the character of a first-class office building.
- Operating and Tax Expenses:** The Lease will contain a provision with Tenant being responsible for its pro-rata share of all increases in taxes and expenses over a 2020 Base Year ("Operating Costs"). Operating Costs shall be calculated on a basis reflecting ninety-five percent (95%) occupancy of the building.
- Tenant Improvements:** Landlord, at its cost shall deliver a Turn Key buildout per the mutually agreed to space plan labeled SP-B dated 6/24/19 created by SAA. However, Landlord will not be responsible for the ALTERNATE NOTES A + B and those items shall not be part of the Turn Key buildout.
- Renewal Option:** Subject to Tenant not being in default of the Lease, Tenant shall have one (1), five (5) year option to renew the Lease. The Renewal Option shall be exercised by giving Landlord written notice of its intention to exercise such Renewal Option no less than nine (9) months or more than twelve (12) months prior to the expiration of the initial Term. The Rental Rate for Tenant's Renewal Option shall be the then "Fair Market Rental Rate" for comparable Class A Buildings in the Torrance Submarket. Fair Market Rental Rate shall be defined in the Lease. This Option shall be personal to Tenant.
- Assignment and Sublease:** Tenant shall have the right during the term to Sublease or assign all or any portion of the Premises to an entity in which Tenant owns a majority interest in Tenant (an "Affiliate") upon thirty (30) days written notification to Landlord. The definition of Affiliate and subletting or assignment to succeeding entities shall be defined in the Lease. Tenant shall remain liable to Landlord for performance under the Lease regardless of such Sublease or assignment.

- Tenant Access:** Tenant shall have access to the Building, the Premises, and its respective parking area seven (7) days per week, twenty-four (24) hours per day.
- Heating, Ventilating and Air-Conditioning:** Landlord shall furnish Heating, Ventilating and Air-Conditioning ("HVAC"), Monday through Friday, from 8:00 a.m. to 6:00 p.m. except for U.S. legal holidays ("Normal Building Hours").
- After-Hours HVAC Use:** The HVAC system is capable of floor-by-floor overtime operation. Landlord shall provide at Tenant's expense after-hours or "non-standard" heating, ventilating and air-conditioning at other than the times designated above ("after hours HVAC"). After hours HVAC is available at an additional charge, currently \$50.00 per hour with a two (2) hour minimum, through the property management office.
- Parking:** Throughout the Term, Tenant shall have the right to parking passes at a ratio of 3.5 passes for each one thousand (1,000) square foot leased, free of charge for the initial Lease Term and the Renewal Option.
- Signage:** Landlord shall provide Tenant with building standard signage, at Tenant's expense, which shall include suite signage and lobby directory signage.
- Broker:** Landlord agrees that it will recognize Colliers International ("Broker") as the procuring cause in this transaction and shall pay Broker a standard real estate commission, per a separate agreement.
- Security Requirements:** In connection with Landlord's determination of the security required under the Lease, Tenant shall promptly supply Landlord with financial statements covering not less than three (3) years of Tenant's operating history, along with a current balance sheet and financial statement.
- Tenant shall pay a security deposit equal to 110% of the last month's Base Rent upon execution of the Lease.
- No Obligation:** This Proposal is not intended to be contractual in nature, but is merely a statement of the general terms and conditions upon which the parties are prepared to consider and discuss entering into a Lease. Accordingly, it is understood and agreed that numerous material issues have yet to be resolved and that all of the terms of the Lease have yet to be agreed to by both parties. In no event whatsoever shall either party have any liability or obligation to the

other party by reason of the transaction contemplated by this proposal unless and until a Lease is executed. Nothing in this proposal is intended to preclude either party from negotiating with any other person concerning the subject matter of this proposal.

Acknowledgment:

This Proposal shall automatically be null and void and of no force and effect unless you have signed the acknowledgment on the enclosed copy of this Proposal and returned the acknowledged copy within seven (7) days after the date of this Proposal.

Acknowledged and received this 16th day of July, 2019 by

Christian Horvath of South Bay Cities Council of Governments

print name




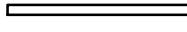

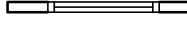
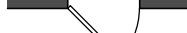





Signed

SBCCOG Chair

Its

LEGEND:

-  AREA NOT IN CONTRACT (N.I.C.).
-  EXISTING PARTITION TO REMAIN.
-  NEW FIRE RATED PARTITION TO MATCH EXISTING.
-  NEW PARTITION.
-  NEW DEMISING PARTITION.
-  NEW FRAMED SIDELIGHT/GLASS PARTITION.
-  EXISTING SINGLE DOOR, DOOR FRAME AND DOOR HARDWARE IS TO REMAIN AT LOCATION SHOWN.
-  NEW SINGLE DOOR, DOOR FRAME AND HARDWARE.
-  NEW DOUBLE DOOR, DOOR FRAME AND HARDWARE.
-  NEW MILLWORK.



- * ALL DIMENSIONS ARE APPROXIMATE.
- * FURNITURE VENDOR SHALL VERIFY EXISTING FIELD CONDITIONS AND DIMENSIONS.
- * ALL FURNITURE PROVIDED BY TENANT.

NOTE:
 CONTRACTOR TO IDENTIFY IN BID AND INCLUDE IN PRICING ALL ITEMS LIKELY TO BE REQUIRED BY TITLE 24, CHAPTER 6 PART 141.0 AND 141.1 BASED ON SCOPE OF WORK SHOWN IN PLAN. THIS SHALL INCLUDE (AS APPLICABLE) BUT NOT LIMITED TO: DESEGREGATION OF ELECTRICAL PANELS, CONTROLLED RECEPTACLES, DAYLIGHTING CONTROLS, OCCUPANCY SENSORS, MULTI-LEVEL SWITCHING AND/OR DIMMING, DEMAND RESPONSE AND HVAC EFFICIENCY MEASURES.



PROGRAM SUMMARY

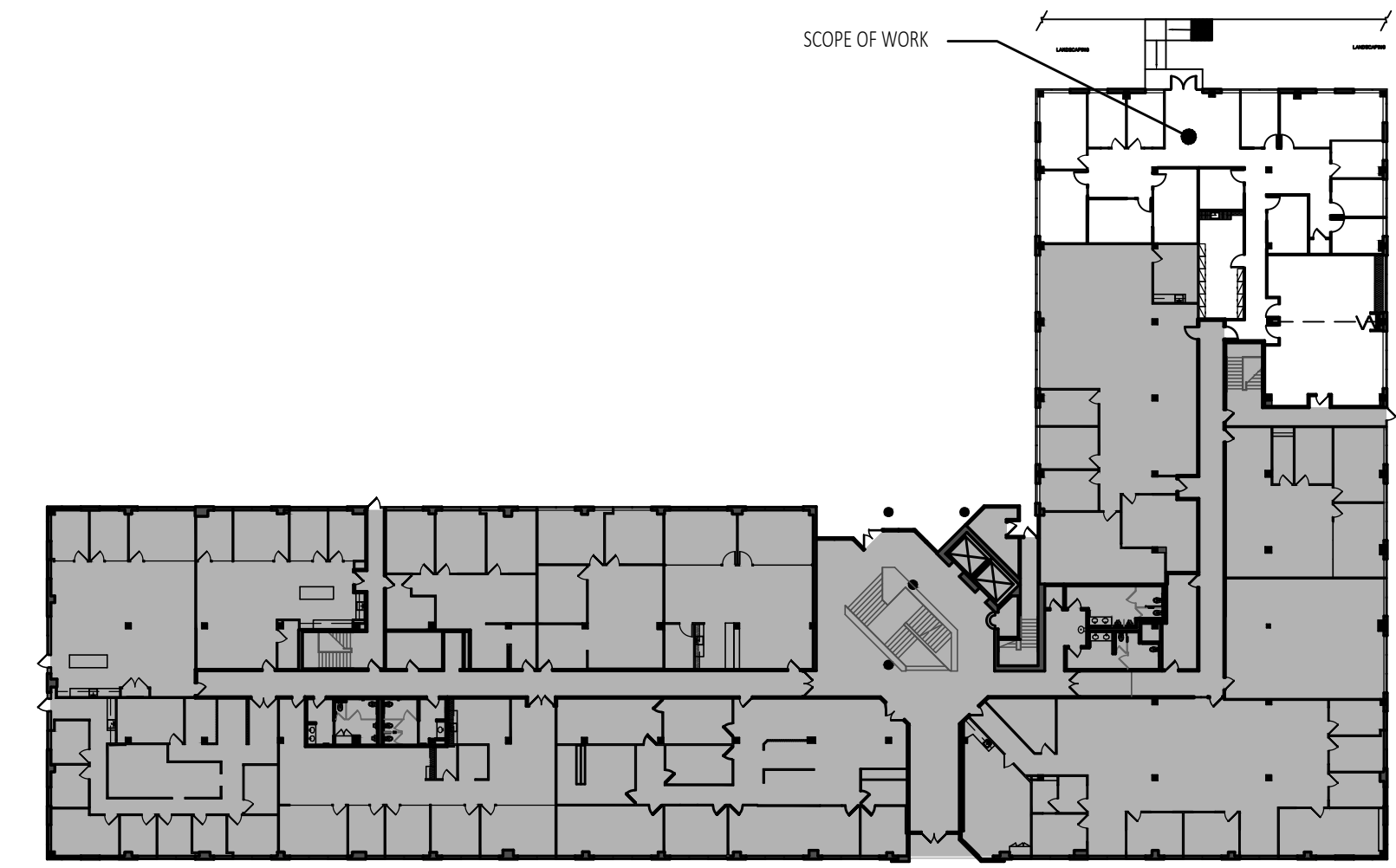
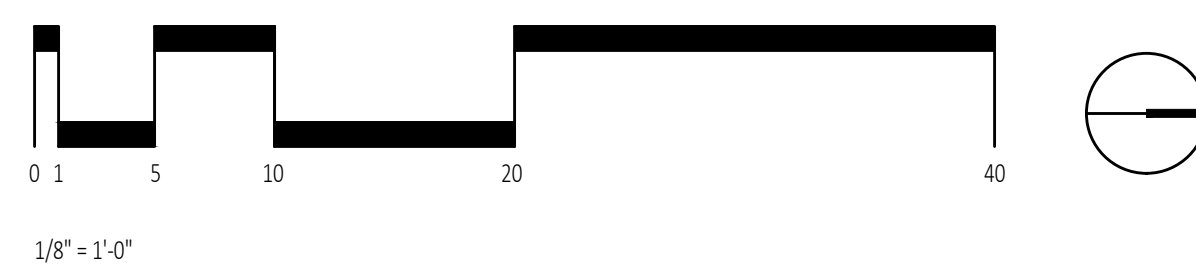
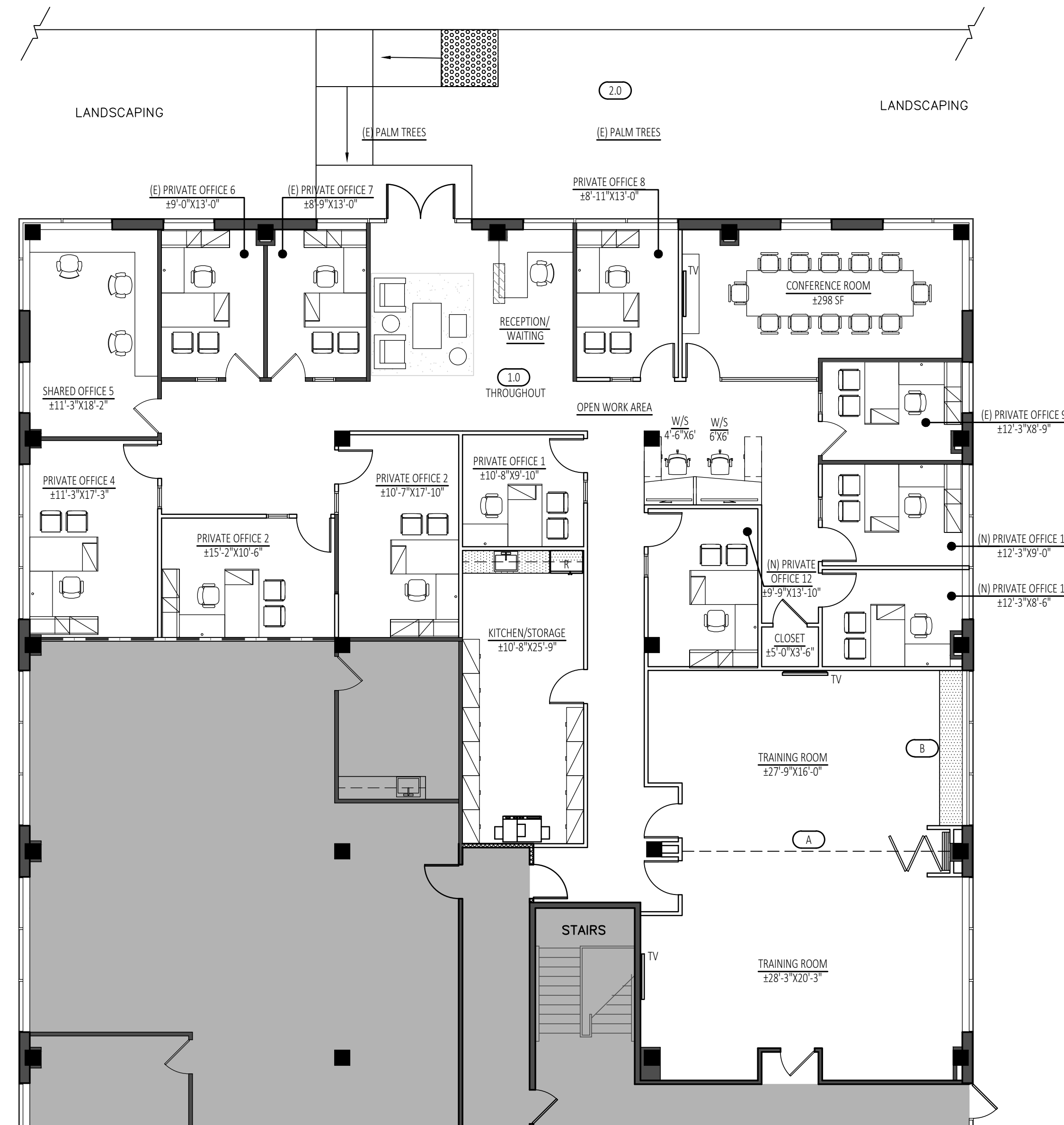
RECEPTION/WAITING	1
PRIVATE OFFICES	11
SHARED PRIVATE OFFICE	1
TRAINING ROOMS	2
CONFERENCE ROOM	1
KITCHEN/STORAGE ROOM	1
I.T. CLOSET	1
WORKSTATIONS (6'X6')	1
WORKSTATION (4'-6"X6')	1

NOTES:

-  PROVIDE NEW BUILDING STANDARD FINISHES THROUGHOUT.
-  APPROXIMATE LOCATION OF EXISTING LANDSCAPING AND NEW ADA RAMP. SUBJECT TO FIELD SURVEY AND PLAN CHECK APPROVAL.

ALTERNATE NOTES:

-  PROVIDE AN ALTERNATE PRICE FOR NEW MODERNFOLD MANUAL MOVEABLE PARTITION.
-  PROVIDE AN ALTERNATE PRICE FOR NEW LOWER CABINETS.



DRAWINGS ISSUE

DATE	DESCRIPTION	DELTA
		DELTA

THIS PLAN IS ISSUED FOR INFORMATION PURPOSES ONLY TO ILLUSTRATE A BASIC DESIGN INTENT FOR SPACIAL ORGANIZATION AND ADAPTABILITY. IT IS BASED ON INFORMATION PROVIDED BY THE CLIENT OR HIS REPRESENTATIVE AND AS SUCH DOES NOT REPRESENT A FINAL NOR COMPREHENSIVE DESIGN SOLUTION. IT IS SUBJECT TO A CONCEPTUAL PLAN AND AS SUCH IS NOT TO BE USED FOR THE PURPOSES OF ESTIMATING CONSTRUCTION COSTS OR ANY OTHER CONSTRUCTION PURPOSES. SHLEMMER+ALGATE ASSOCIATES, INTERIORS AND ARCHITECTURE, INC. MAKES NO REPRESENTATION OR WARRANTY AND SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING THE INFORMATION CONTAINED HEREIN. DESIGN AND CONSTRUCTION OF ANY PROJECTS SHALL BE THE RESPONSIBILITY OF THE CONTRACTOR. SHLEMMER+ALGATE ASSOCIATES, INTERIORS AND ARCHITECTURE, INC. SHALL NOT BE RESPONSIBLE FOR THE REPRODUCTION, DISPARITY, SALE, OR OTHER DISSEMINATION OF THIS DOCUMENT WITHOUT THE EXPRESS WRITTEN CONSENT OF SHLEMMER+ALGATE ASSOCIATES.

DATE: 06/24/19
 DRAWN: L.D.
 REVIEWED: K.N.
 PROJECT NO: 625570
 SCALE: 1/8"=1'-0"
 SHEET TITLE:

SPACE PLAN

THIS SPACE PLAN IS NOT INTENDED TO BE AND SHOULD NOT BE USED FOR CONSTRUCTION PURPOSES. SHLEMMER+ALGATE ASSOCIATES SHALL HAVE NO RESPONSIBILITY OR LIABILITY FOR ANY CONSTRUCTION BASED ON THE CONCEPTS PROVIDED IN THIS DOCUMENT. SHEET NO: