



Legislation Text

File #: RES 18-0041, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Steve S. Charelian, Interim Finance Director
Cynthia F. Mickschl, Acting Revenue Manager

SUBJECT:

Resolution No. 18-0041 Authorizing the City Manager to Execute a Five-Year Lease with the United States Postal Service (Interim Finance Director Charelian).

ADOPT RESOLUTION NO. 18-0041

RECOMMENDATION:

Staff recommends that City Council adopt Resolution No. 18-0041 (Attachment 1) authorizing the City Manager to execute a five-year lease with the United States Postal Service (USPS) for the property located at 425 15th Street Suite C, Manhattan Beach.

FISCAL IMPLICATIONS:

The existing lease with the United States Postal Service provides the City with rent revenue of \$42,800 per year for approximately 1,900 square feet of floor space (\$1.88/ft²); the proposed lease will increase the annual rent to \$53,000 during the initial five-year term (\$2.32/ft²) and then to \$58,300 (\$2.55/ft²) during the extension period.

The City will be required to pay a onetime broker fee of 3% to CBRE, the real estate broker used by USPS to facilitate the process, in the amount of \$7,635 under a separate agreement.

BACKGROUND:

The City of Manhattan Beach has leased the property located at 425 15th Street, Suite C to the United States Postal Service since 1978. The original lease was renewed at the end of the term in 2008. That lease has now reached the end of its fifth extension and expired on March 31, 2018.

DISCUSSION:

The USPS presented the City with a new lease agreement for a five-year period (2018-2023) and included an option to extend an additional five years (2028). City staff and City attorney have reviewed the lease (Attachment 2).

Originally, the proposed lease included a section allowing the USPS to sub-lease the property without

City approval, as well as a stipulation that the City perform painting of the interior/exterior areas throughout the lease term. Each of these items was removed from the agreement based on staff recommendation. An “opt-out” clause, which allows either party to exit the agreement with 180 days written notice in the second option year, was added to the original lease agreement. Prior leases did not include such a clause.

Staff recommends that the City Council adopt Resolution No. 18-0041 authorizing the City Manager to execute a five-year lease with the United States Postal Service (USPS) for the property located at 425 15th Street Suite C, Manhattan Beach.

PUBLIC OUTREACH/INTEREST:

After analysis, staff determined that public outreach was not required for this issue.

ENVIRONMENTAL REVIEW

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW

The City Attorney has reviewed this report and attached lease and determined that no additional legal analysis is necessary.

Attachments:

1. Resolution No. 18-0041
2. Lease Contract