



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: JANUARY 8, 2019**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT** **WARDS: ALL**  
**DEPARTMENT**

**SUBJECT: SUPPLEMENTAL APPROPRIATION IN THE AMOUNT OF \$135,650.69 TO**  
**ALLOW FOR TENANT IMPROVEMENT WORK FOR THE SECOND FLOOR AT**  
**3750 UNIVERSITY AVENUE**

## **ISSUE:**

Authorize a supplemental appropriation of \$135,650.69 for the tenant improvement work to be constructed on the second floor of 3750 University.

## **RECOMMENDATIONS:**

That the City Council authorize an increase in estimated revenues in the amount of \$135,650.69 in Contributions in Aid of Construction Revenue Account number 1300000-375000 and appropriate expenditures in the same amount to Building and Improvements Expenditure Account number 1300000-462050 for the tenant improvements on the second floor of 3750 University Avenue.

## **BACKGROUND:**

On October 13, 2015, the City acquired the property located at 3750 University Avenue (Mission Square). In connection with the purchase, the sum of \$400,000 was held in an escrow account for tenant improvements for the second floor.

On November 12, 2015, the City entered into a sublease with Gresham Savage Noland & Tilden for the second floor, which included the transfer of the tenant improvement allowance. In May of 2016, the City Attorney's Office moved into Suite 250. The City Attorney's Office has expended \$264,349.31 of the tenant allowance on improvements to the second floor leaving a balance of \$135,650.69.

Since November 2015, Suites 225 and 230, also on the second floor, have remained vacant and are currently one contiguous suite. Attempts have been made to lease out the spaces but have been unsuccessful.

**DISCUSSION:**

In order to make existing Suites 225 and 230 into two suites, a devising wall needs to be constructed. There are also further repair and improvement work to make the suites marketable.

All work will need to be accomplished before March 31, 2019, in order to take advantage of the tenant improvement allowance currently being held in escrow.

The Public Utilities General Manager concurs with this report.

**FISCAL IMPACT:**

There is no new fiscal impact to the General Fund. Sufficient funding for the tenant improvements on the second floor of 3750 University Avenue in the amount of \$135,650.69 will be budgeted in Contributions in Aid of Construction Revenue Account number 1300000-375000 and appropriate expenditures in the same amount will be budgeted in Building and Improvements Expenditure Account number 1300000-462050. All expenditures associated with the tenant improvements will be reimbursed by the tenant allowance held in the escrow account. No General Fund dollars will be used to make the space marketable for future use either by the City or an external party.

Prepared by: David Welch, Interim Deputy Community & Economic Development  
Director

Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
Approved by: Rafael Guzman, Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney