

South Bay Cities Council of Governments

August 22, 2019

TO: SBCCOG Board of Directors

FROM: Jacki Bacharach, Executive Director
Kim Fuentes, Deputy Executive Director

SUBJECT: Office Move Components

Adherence to 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 lease for the SBCCOG current office expires on November 30, 2019 and staff must vacate or be in jeopardy of paying 150% of the rent for every month after this date. As a result, the SBCCOG staff along with Board members have been preparing for the move. A new location has been identified on Crenshaw Blvd, Torrance.

Below is a summary of required steps to complete the move along with their status and considerations. A tentative schedule is also provided:

1. *Lease Agreement* – The draft contract was reviewed by the SBCCOG Chair, staff, and attorney and sent to Board officers for comment. Revisions along with requests were made and sent back to landlord. A new revised contract was received from the landlord on 8-5-19 and is under review by our staff.
2. *Pre-move*
 - *Vacating Current Space* – The SBCCOG staff received communications from Maritz, Sublandlord, that stated the office should be prepared so that systems furniture (cubes) can be dismantled and removed starting November 11, 2019. Additionally, SBCCOG staff needs to provide a list of Maritz owned items that we would like to retain and redeploy at our new location (Maritz will review items and let us know if they can accommodate the request). SBCCOG staff is currently reviewing all paper documents to assess what can be electronically archived while maintaining compliance with the SBCCOG's adopted record retention schedule. Electronic archive of paper files will help reduce moving costs as well as clutter. SBCCOG staff has also started obtaining quotes including moving company, I.T., and removal of monument signage.
 - *Preparing New Space* – the SBCCOG is assessing needs such as furniture, I.T., Fiber, signage, and cabinetry. SBCCOG staff will be organizing site visit evaluations with vendors this month and provide estimates at the September Steering committee. Additional consideration is also being given to assess the need for temporary storage should construction at the new office not be completed by November 30. Proposed language in the new lease will grant the SBCCOG the right to begin installing

furniture and equipment up to 14 days prior to the commencement date of the lease. If, however, the commencement date is significantly delayed past the December 1, 2019, there may not be adequate time to remove items from the existing office and setup directly at the new site. The SBCCOG may need to consider a means of temporary storage to house furniture, equipment, files, etc., until early possession is granted by the new property owner. SBCCOG staff will investigate options and return to the Steering Committee in September with more information once a construction schedule has been determined.

3. *Move* – It is hoped that if all goes as planned with the finalization of the contract, completion of the construction, installation of service equipment, and execution of the move, the SBCCOG will start the move the week of November 18, 2019 (just prior to Thanksgiving week).

CALENDAR – projected key dates

- Aug. 5–30: Staff to compile Maritz approved list of furniture to keep and move
- Aug. 5–30: Staff to compile all move-related quotes with Aug. 16 the date for I.T. vendor(s) site walk-through(s)
- Sept. 2: Quotes for movers and I.T. complete for Oct. Steering Committee & Board item
- Oct. 1: Order furniture (if needed)
- Nov. 11: Office needs to be prepared so that systems furniture (cubes) can be dismantled and removed
- Nov. 22: Office completely packed
- Nov. 25–29: I.T. set up; move office
- Dec. 2: First work day in new office

RECOMMENDATION

Receive and file.

Prepared with assistance from Chandler Shields and David Leger

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ADDENDUM

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Lease Agreement – A new revised contract was received from the landlord on 8-8-19 and is under review by the SBCCOG attorney. There has been a total of three revised drafts with the SBCCOG requested changes and the Landlord's responses. The SBCCOG attorney did state that our requests to the lease were substantial and that we would not be able to get everything we asked for. The Landlord however made significant revisions based on our requests. The SBCCOG staff anticipates that the 8-8-19 version should be the last.

Highlights and key points from the lease negotiation include:

Items the Landlord accepted

- Early Possession: we now have 14 days early access to start moving things in.
- Personal Property Taxes: They accepted our changes showing we're a tax-exempt entity.
- Confidentiality: They accepted our deletion requiring confidentiality since we're a public agency.
- Dates: They revised with extensions turn around dates throughout the document.
- Condition of Premises & Landlord Obligations: They're obligated to keep the premises in good condition and repair consistent with comparable buildings and added language ensuring the building systems are in good repair.

Items the Landlord compromised on

- Delay in possession: Original was 365 days, we suggested 120 days, they proposed 150 days.
- Operating Expenses: We had proposed a cap at 3%. They proposed 6%.
 - They also settled on the limiting the cost of labor/salaries/etc. to the level general manager. We had proposed property manager.
- Alterations and Additions: They deleted our proposed "licensed qualified contractor" and replaced it with "reasonably approved by Landlord". We also removed any fees on their reviews of alterations to the unit. They specified cosmetic vs. non-cosmetic and also put a 3% fee of total hard costs on their costs reviewing docs, etc.

- They will pay for costs to install in the lobby directory. We still have to pay monthly for the monument/marquee signage at the road. They also expressly added language on the Eyebrow Signage.
- Holding Over (should we stay beyond our lease): We proposed a 125% holdover charge (started at 200%) and they came back with 150% (which is what we have in our current lease).

Things they denied/deleted

- Hours of Service: They did not accept our proposal of not being charged for AC after-hours.
- Excess Usage: They did not accept our proposal to not consider the energy/etc used during Board meetings as part of what gets calculated into potentially being "excess usage".
- Security Measures: They deleted our section requiring them to provided lighted parking lots and security patrols during the Board meetings.

Prepared with assistance from David Leger