



CITY OF MENIFEE

SUBJECT: Agreement Addendum with Haun Professional, LLC/Amber Management LLC for the Lease of Additional Office Space

MEETING DATE: October 2, 2024

TO: Mayor and City Council

PREPARED BY: Nancy Rodriguez, Management Analyst II

REVIEWED BY: Rebekah Kramer, Deputy City Manager
Ron Puccinelli, Chief Information Officer

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Approve an addendum to the lease agreement with Haun Professional, LLC c/o Amber Management, LLC for the lease of additional office space located at the Haun Medical Campus at 29826 Haun Road, in an amount not to exceed \$27,991.14 through May 2027; and
2. Authorize the City Manager or his/her designee to execute all the necessary documents related to the office space lease agreement addendum.

DISCUSSION

On May 18, 2022, the City Council approved a five-year lease agreement with Haun Professional LLC c/o Amber Management, LLC for office space with a five-year option to extend at the end of the initial term. The office space being leased is within the Haun Medical Campus located at 29826 Haun Road, Suite 307, Menifee, CA and currently houses the IT Department staff. To keep pace with the record growth of the City of Menifee and provide the high level of service Menifee residents have come to expect and enjoy, staff continuously addresses current and near future deficiencies in available space to house city staff and provide vital city functions. As the team grew, staff determined that additional office space was needed to house several IT Department staff.

Additional office space has recently become available next door to the suite that is already leased by the City. Staff has worked alongside Amber Management, LLC to determine the cost of adding this suite to the current agreement. The proposed addendum would be for a term of two years and eight months and run alongside the existing lease agreement beginning October 1, 2024 and ending on May 31, 2027. The additional minimum rental cost would be \$633.76 monthly, and

included costs owed to the landlord (triple net estimate) would be \$206.75 monthly. The proposed additional cost for the total term of the agreement is \$27,991.14 including a possible annual CPI adjustment to the monthly rent of 5% starting July 2025. The total fiscal impact for Fiscal Year (FY) 2024/2025 would be \$7,564.59.

TABLE 1: PROPOSED LEASE TERM ADDENDUM

| Agreement Year | Original Annual Total | Additional Annual Rent | Additional Triple Net Amt. | New Annual Total |
|------------------------|-----------------------|------------------------|----------------------------|---------------------|
| Year 1 | \$ 61,457.40 | - | - | \$ 61,457.40 |
| Year 2 | \$ 63,829.44 | - | - | \$ 63,829.44 |
| Year 3 | \$ 66,320.08 | \$5,703.84 | \$1,860.75 | \$ 73,884.67 |
| Year 4 | \$ 68,935.26 | \$7,985.38 | \$2,481.00 | \$ 79,401.63 |
| Year 5 | \$ 71,681.19 | \$7,685.92 | \$2,274.25 | \$ 81,641.36 |
| Estimated Total | \$332,223.37 | \$21,375.14 | \$6,616.00 | \$360,214.50 |

Separate from the addendum costs above, the City agreed in the original lease to cover utilities including electric, phone, and internet services estimated at \$3,000 per year. Additionally, ancillary costs for furniture, flooring renovation, electrical, and cabling would be required. The total cost for the additional items is estimated at \$21,500.

With the construction of the City’s new permanent City Hall building, located near Central Park, not expected to be completed within the next five years, staff recommends that City Council authorize the City Manager to execute an addendum to the lease agreement with Haun Professional/Amber Management LLC to obtain additional interim workspace.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

The fiscal impact of the proposed addendum with Amber Management is (not-to-exceed) \$27,991.14. Funding for the first year of the proposed addendum totaling \$7,564.59 would be made available within the FY 2024/2025 budget from General Services within the General Fund. Funding for the remaining \$20,426.55 for future years would be budgeted as part of the respective year’s budget. Any additional funding, including the five-year option to extend, would be based on City Council approval.

Funding for the ancillary costs for furniture, flooring, and electrical cabling is available within the approved FY 2024/2025 IT budget.

ATTACHMENTS

City of Menifee Staff Report
Haun Professional, LLC. Lease Agreement Addendum
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1. Addendum No. 1 to Lease Agreement
2. Original Lease Agreement