



Contract Number: CTN. FM-13 00000 00000 00000 337- 03
Effective Date: 7-1-13
Term Date: 6-30-16
Cost: _____
Revenue: \$225,655.63
Total: _____ NTE: _____
Renewal By: _____ Action: 4-1-16
Term: _____
Reviewed by: VR 6-30-16

BOARD OF SUPERVISORS AGENDA ITEM SUMMARY

Requested Board Meeting Date: June 18, 2013

ITEM SUMMARY, JUSTIFICATION &/or SPECIAL CONSIDERATIONS:

This is Amendment #3 to the GONZALES LAW FIRM lease of 3,544 square feet of office space at 33 N. Stone Ave., Suite 1410, Tucson, AZ, which they have occupied since August 1, 2005.

The Amendment will extend their tenancy from July 1, 2013 through June 30, 2016. The agreed upon rental rates are within fair market values and will generate rent revenues of \$225,655.63 for office space and Pennington Street parking garage revenue of \$21,420 over the 3 year extension term. This Amendment also provides one (1) option to renew that would further extend the Gonzales lease an additional three (3) years, from July 1, 2016 through June 30, 2019, at rental rates with annual 3.00% increases per year.

CONTRACT NUMBER (If applicable): CTN-FM-CMS-139860

STAFF RECOMMENDATION(S): The Staff and Director of Facilities Management recommend approval of this Lease Amendment #3.

CORPORATE HEADQUARTERS: _____

To: COB - 6-5-13
Agenda 6-18-13
(2)

CLERK OF BOARD USE ONLY: BOS MTG. _____

ITEM NO. _____

PIMA COUNTY COST: 0 and/or REVENUE TO PIMA COUNTY: \$225,655.63

FUNDING SOURCE(S): Office space rent payments from tenant.
(i.e. General Fund, State Grant Fund, Federal Fund, Stadium D. Fund, etc.)

Advertised Public Hearing:

YES

NO

Board of Supervisors District:

1

2

3

4

5

All

IMPACT:

IF APPROVED: Approval of this Amendment #3 will allow The Gonzales Law Firm, P.C., an Arizona professional corporation, to continue leasing 3,544 square feet of office space on the 14th floor of 33 N. Stone Avenue for three additional years, which will generate \$225,655.63 in real property rent revenue for Pima County and parking garage rent revenue of \$21,420 for the Pennington Street Garage.

IF DENIED: Denial of this Amendment #3 would cause the existing long-term tenant to move, which would result in Pima County losing substantial rent revenues. Denial may also result in significant increased expense to Pima County due to the probable need to retrofit and remodel the existing office space to make it suitable for new occupants.

DEPARTMENT NAME: Facilities Management

CONTACT PERSON: Nina Armstrong TELEPHONE NO.: 724-2725

2. **MODIFICATION OF LEASE.** Landlord and Tenant hereby agree to modify the terms of the Lease as follows:

2.1. Extension of Lease: Landlord and Tenant agree to extend the Lease Term for a thirty-six (36) month period (the "Extended Period"). The Extended Period shall be from July 1, 2013 through June 30, 2016 unless otherwise terminated as provided elsewhere herein.

2.2. Basic Rent: Beginning on the Effective Date and continuing through the Extended Period, the Basic Rent for the Leased Premises shall be as follows:

| <u>Lease Dates</u> | <u>Monthly</u> | <u>Yearly</u> | <u>Per Sq. Ft.</u> |
|--------------------|----------------|---------------|--------------------|
| 07/1/13 - 06/30/14 | \$6,083.87 | \$73,006.44 | \$20.60 |
| 07/1/14 - 06/30/15 | \$6,266.39 | \$75,196.63 | \$21.22 |
| 07/1/15 - 06/30/16 | \$6,454.38 | \$77,452.56 | \$21.85 |

2.3. Option to Extend: Provided Tenant is not in default, Landlord grants to Tenant one (1) option to extend the Lease Term for an additional three (3) years (the "Option Period"), which shall be exercised, if at all, by the Tenant giving Landlord written notice no sooner than February 1, 2016 and no later than April 1, 2016, of Tenant's intent to extend the Lease Term. The Basic Rent during each year of the Option Period shall equal 103.00% of the Basic Rent for the immediately preceding year.

2.4. Right to Terminate: Landlord grants to Tenant the right to terminate this Lease early by giving Landlord not less than one hundred twenty (120) days written notice prior to the early termination date.

2.5. Base Year: During the Extended Period, Operating Costs will continue to be calculated on a fiscal year commencing July 1 and ending June 30, which shall be the "Fiscal Period" under the Lease. The Base Year for purposes of calculating Operating Costs during the Extended Period is the fiscal year commencing July 1, 2009 and ending June 30, 2010. Beginning July 1, 2013, Tenant will pay, as Additional Rent, Tenant's Proportionate Share of increases in Operating Costs over the Base Year, as set forth in the Lease. Tenant's Proportionate Share of total operating costs is 1.77%.

2.6. Parking: Tenant has entered into a separate agreement with the Pima County Parking Operations Department for use of seven (7) unassigned and unreserved parking spaces in the Pennington Street Parking Garage. Monthly rent for each parking space shall be \$85.00 plus applicable taxes beginning July 1, 2013; the total monthly cost per space as of July 1, 2013 is \$87.13. Any changes to that monthly rate will match the rate published by the City of Tucson's Park Wise parking department and will become effective on the same date that the Park Wise change becomes effective. Tenant shall be billed and pay for the parking spaces on a monthly basis.

2.7. Applicable Law: The parties shall comply with all federal, state and local laws, rules, regulations, standards, Executive Orders, and Pima County Board of Supervisors' policies, including Policy Number C. 3.18 entitled "Tobacco-Free Environment" attached hereto as

Exhibit A, without limitation to those designated within this Lease. The laws and regulations of the State of Arizona shall govern the rights of the parties, the performance of this Lease and any disputes hereunder. Any action relating to this Lease shall be brought in a court of the State of Arizona in Pima County. Any changes in the governing laws, rules, regulations, and Board of Supervisor policies during the terms of this Lease shall apply but do not require an amendment.

2.8. Notice: Any notice required or permitted to be given under this Lease shall be in writing and shall be served by personal delivery, United States mail service, electronic transmission, or by fax, upon the other party. Notice to Landlord shall be addressed and mailed as follows:

Landlord:
Pima County
Facilities Management Department
150 West Congress Street, 3rd Floor
Tucson, AZ 85701-1317
Phone: 520.724-3085
Fax: 520.724-3900

Tenant:
The Gonzales Law Firm, P.C.
33 North Stone Avenue, Suite 1410
Tucson, AZ 85701-1438
Phone: (520) 327-1121
Fax: (520) 327-1667

3. **REMAINING LEASE TERMS UNCHANGED.** Except as modified as provided in this Amendment, all of the terms and conditions of the Lease shall remain in full force and effect.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day, month and year written below.

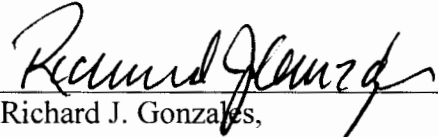
LANDLORD:

PIMA COUNTY, a political subdivision of the State of Arizona

TENANT:

THE GONZALES LAW FIRM, P.C., an Arizona professional corporation

Ramón Valadez
Chairman, Board of Supervisors


Richard J. Gonzales,
President

Date _____

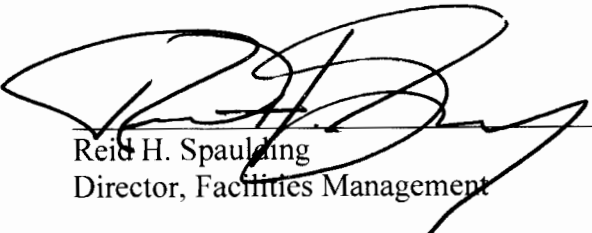
Date 5-30-13

ATTEST:

Robin Brigode
Clerk of the Board

Date _____

APPROVED AS TO CONTENT:


Reid H. Spaulding
Director, Facilities Management

APPROVED AS TO FORM:



Hal Gilbreath
Deputy County Attorney

EXHIBIT A

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS POLICY
Subject: Tobacco-Free Environment
Policy Number: C 3.18
Page 1 of 2

Purpose:

Smoking and the use of tobacco related products are a major cause of preventable disease and death. As a leading employer and health proponent Pima County is committed to the promotion of health, wellness, and the prevention / treatment of diseases. Pima County also serves as a model for the public influencing attitudes about smoking and the dangers of tobacco products. The purpose of this tobacco-free policy is to create tobacco-free environments for all Pima County facilities, public buildings and adjacent properties, to provide Pima County employees and the public with guidelines for managing and supporting this policy, and to encourage a healthy lifestyle for all personnel and visitors.

Background:

As a major entity involved in the promotion of public health and safety within Pima County, the Board of Supervisors promotes and encourages the establishment of a tobacco-free zone on County facilities, public buildings and adjacent properties. The Board of Supervisors has previously established wellness as a priority for all County employees, by the adoption of the long-range Sustainability Program and employee incentives in the way of premium discounts for health insurance benefits. The establishment of a tobacco-free policy is the natural continuance of those efforts.

Policy:

It is the policy of the Board of Supervisors that to provide a safe and healthy environment for all employees, and the general public.

The Board of Supervisors prohibits the use of tobacco products at all times on County facilities, public buildings and adjacent properties, and in County vehicles. This prohibition applies to all employees, and to all visitors and other persons at any County sponsored activity or event conducted on County facilities, in public buildings or on adjacent properties.

Definitions:

Tobacco Products include cigarettes, cigars, pipes, smokeless tobacco, water pipes, hookah, e-cigarettes, chewing tobacco, snuff and other products containing tobacco.

County Facilities, Public Buildings and Adjacent Properties including County owned or leased properties and a facility occupied or used by any County personnel, visitor, or vendor, and includes but is not

EXHIBIT A

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS POLICY
Subject: Tobacco-Free Environment
Policy Number: C 3.18
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limited to buildings, courtyards, walkways, breeze-ways, parking lots, parking structures, County vehicles (owned or leased), loading docks or construction sites.

Compliance:

County personnel are responsible for compliance with the policy.

Visitors and vendors observed to violate this policy shall be respectfully informed of the Tobacco-Free Environment Policy and asked to comply. If a visitor or vendor neglects to comply, that neglect to comply may be used as grounds for prohibiting access to premises or facilities by said visitor or vendor.

If any individual violating the policy appears agitated or otherwise confrontational regarding compliance, then County personnel shall immediately inform the staff responsible for the facility or security personnel if available and shall engage in no further intervention.

All vendors doing business with Pima County shall be notified of the Tobacco-Free policy and shall be expected to comply with the policy. Organizers and supervisors of public events, conferences, meetings and work activities on County facilities, work sites, public buildings and adjacent properties shall be responsible to communicating the requirements of the Tobacco-Free Policy to such events or conferences for attendees.

All new employees of Pima County will be informed on and educated about the Tobacco-Free Policy and the requirement that employees comply with the policy. Additionally, new employees shall be made aware of the availability of tobacco cessation programs sponsored or funded by Pima County.

References:

Pima County Ordinance, Chapter 2.12
Pima County Code, Section 8.50
Adopted Date: November 13, 2012
Effective Date: January 1, 2013

Website: <http://www.pima.gov/cob/POLICY/C3-18.pdf>

