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DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

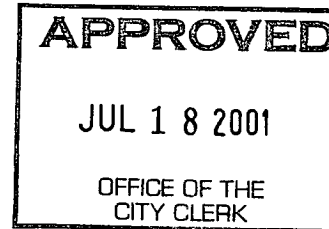
927 10th STREET
SUITE 300
SACRAMENTO, CA
95814-2702

TECHNICAL SERVICES
DIVISION

PH 916-264-8300
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June 26, 2001

AG 2001-120



City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: AGREEMENT TO RENEW LEASE OF OFFICE SPACE AT 926 J STREET,
3RD FLOOR**

LOCATION AND COUNCIL DISTRICT: 926 J Street in Council District 1

RECOMMENDATION:

This report recommends that City Council, by resolution, authorize the execution of the agreement to renew the lease of office space with the 926 "J" Street Partnership for the 926 J Street Building, 3rd floor.

CONTACT PERSON:

Lydia Lara, Deputy City Treasurer, 264-5168
Rhonda R. Lake, Real Property Agent, 264-7902

FOR COUNCIL MEETING OF: July 18, 2001

SUMMARY:

Pursuant to the renewal provision in City Agreement No. 90-130-2, Amendment and Extension of Lease, 926 "J" Street Building, 3rd Floor, City intends to exercise an option to extend the lease term through March 31, 2002, subject to City Council approval. The space is comprised of approximately 8,582 square feet and provides office space for the City Treasurer, Geographic Information Systems (GIS) and Telecommunications staff. Monthly rent for the full service lease will be \$1.47 per square foot, which is at the lower range of market rents for buildings of similar size and condition located in close proximity to City Hall. The City will have one option remaining to renew the lease for an additional year, if desired.

COMMITTEE/COMMISSION ACTION: None.

BACKGROUND INFORMATION:

In July 1990, the expansion and relocation of several City departments resulted in the relocation of the offices of the City Treasurer and ICS Training facilities to the 926 J Street Building under City Agreement 90-130 and 90-130-1. At that time, the City paid a pro rata share of Building Operating Costs and expended \$75,000 on tenant improvements. In July 1996, City Agreement No. 90-130-2 extended the lease for 5 years and modified the agreement to make it a full service lease without pass-through expenses to the City. The monthly rental for the extended term began at \$1.25 per square foot, ending at \$1.45 per square foot in year 5.

The rental rate for the proposed renewal term has increased only \$0.02 per square foot to \$1.47, which is at the lower range of market rents for the area. In exchange, the City will pay for modifications to the workspace to expand staff capacity for the Treasurer's office and upgrade the women's restroom. Lessor, at its sole cost and expense, will repaint the suite occupied by the City Treasurer's office and modify the HVAC system serving other staff.

FINANCIAL CONSIDERATIONS:

The monthly rent will increase by \$171.64 per month, from \$12,443.90 to \$12,615.54. Extension of the lease will mean no moving cost or disruption to the operations of staff currently housed in the space.

ENVIRONMENTAL CONSIDERATIONS:

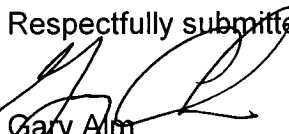
It has been determined that extension of an existing lease has no potential for causing an environmental impact and is exempt under CEQA Guidelines, Section 15061(3).

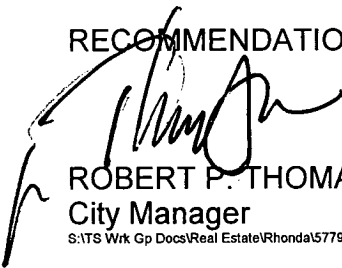
POLICY CONSIDERATIONS:

This item conforms with City policy to provide adequate office space for critical City functions close to City Hall.

ESBD CONSIDERATIONS:

None. No goods or services are being purchased.

Respectfully submitted,

Gary Alm
Development Services Manager

RECOMMENDATION APPROVED:

ROBERT P. THOMAS
City Manager
S:\ITS\Wrk Gp Docs\Real Estate\Rhonda\5779 926 J Street\Council Report, 926 J St, 3rd fl.doc

Approved:

Michael Kashiwagi
Director of Public Works

APPROVED
JUL 18 2001
OFFICE OF THE
CITY CLERK

RESOLUTION NO. 2001-485

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION AUTHORIZING EXECUTION OF AGREEMENT TO
RENEW LEASE WITH 926 "J" STREET PARTNERSHIP FOR OFFICE SPACE AT 926 J
STREET, 3RD FLOOR**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That the City Manager and City Clerk are hereby authorized to execute the agreement to renew lease agreement at 926 "J" street building 3rd floor, Sacramento, California with the 926 "J" Street Partnership for office space at 926 J Street, 3rd floor.
2. That the City Manager is hereby authorized to execute such other documents as necessary to carry out the purposes and intent of this resolution.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____