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APPROVED
BY THE CITY COUNCIL

MAY 6 1997

OFFICE OF THE
CITY CLERK
A697-052

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DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

REAL ESTATE

April 17, 1997

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: LEASE AGREEMENT WITH RUSSO DEVELOPMENT COMPANY

LOCATION/COUNCIL DISTRICT:

Park Plaza Shopping Center at 1620 West El Camino in Council District 1.

RECOMMENDATION:

This report recommends that the City Council, by resolution, authorize the execution of a Lease Agreement with Russo Development Company for the lease of a space at the above-referenced location.

CONTACT:

Gary L. Ransom, Real Property Agent, 264-7800
Rick Hiseley, Fiscal Officer, 264-2717

FOR COUNCIL MEETING OF:

May 6, 1997

SUMMARY:

Subject to City Council approval, a four-year Lease Agreement has been negotiated with Russo Development Company to provide a new location within the same center for the existing South Natomas Library. This new Lease will replace an expiring lease under which the Library occupied a smaller site.

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The Library will make monthly lease and common area payments during the term of the lease. The term of the Lease is from September 1, 1997 (or sooner if tenant improvements are completed earlier) through August 31, 2001. The Lease contains an option for one four-year extension on the same terms as the initial lease with the added provision that the Library can cancel the Lease at any time with 60 days notice. The Lease is on file in the City Clerk's Office.

BACKGROUND INFORMATION:

The South Natomas Library has been located at Park Plaza Shopping Center occupying 3,400 sf since 1994 under a sublease from the Bank of America. Under this sublease the Library paid no rent or common area charges. The term of this sublease has now expired and the Library has been offered expanded space in the center by the owner. The Library wishes to accept this offer and remain in the center.

Under the terms of the Joint Powers Authority for the Library, the City is required to provide facilities within its jurisdiction. The Joint Powers Authority will pay all rent and common area charges for the facility.

The Library will remain at its current location on a month-to-month rental until completion of tenant improvements in the new space which is estimated to be August 31, 1997.

FINANCIAL CONSIDERATIONS:

The term of the Lease is four years with monthly rent payments beginning at \$4,750 per month or \$1.00/sf and annual CPI adjustments not to exceed 5%. In addition, the Library will pay common area charges not to exceed .35¢/sf per month. These charges are currently .28¢/sf per month. The total cost of the Lease and common area charges to the City over its term, not including inflation, will be \$291,840. The source of these payments is the Sacramento Public Library Authority.

Based on a survey of rents and common area charges paid by tenants in this and neighboring centers, the rent was determined to be market rent for the space.

ENVIRONMENTAL ISSUES:

The Planning Services Division has reviewed the project and determined that this activity is exempt from provisions of CEQA under Section 15301.

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The project involves an existing facility and will not involve any changes in land use on the site.

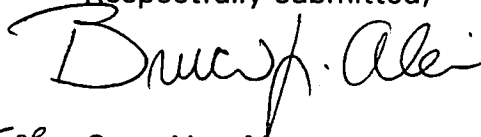
POLICY GUIDELINES:

This item conforms with current City policy, in that the proposed Lease will provide for a needed community library facility in a location at which it can best serve the needs of the surrounding community.

MBE/WBE:

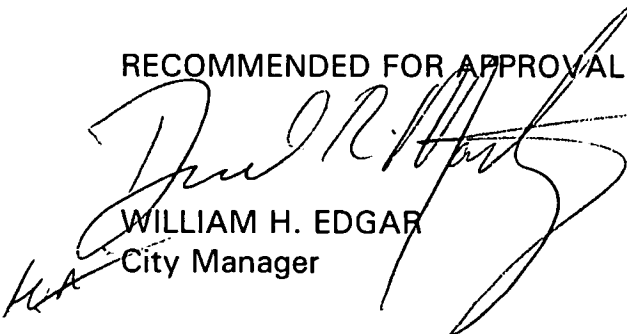
None, no goods or services are being sold.

Respectfully submitted,



For Gary Alm, Manager
Real Estate Services & Special Districts

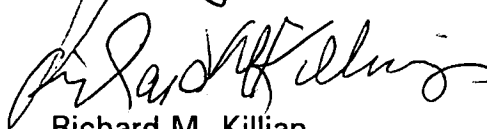
RECOMMENDED FOR APPROVAL: APPROVED:



WILLIAM H. EDGAR
City Manager



Michael Kashiwagi, Director
Public Works, Technical Services



Richard M. Killian
Library Director

APPROVED
BY THE CITY COUNCIL

MAY 6 1997

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 97-212

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING EXECUTION
OF LEASE AGREEMENT
WITH RUSSO DEVELOPMENT COMPANY
FOR LIBRARY SPACE AT PARK PLAZA SHOPPING CENTER
AT 1620 WEST EL CAMINO AVENUE

That the City Manager and City Clerk are hereby authorized to execute a Lease Agreement with Russo Development Company For a library space at Park Plaza Shopping Center, 1620 West El Camino Avenue, to commence on or before September 1, 1997.

MAYOR

ATTEST:

CITY CLERK

GR3-38-4.17

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____