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DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

REAL ESTATE

April 29, 1997

APPROVED
by THE CITY CLERK
1029D STREET
ROOM 200
SACRAMENTO, CA
95814-2700
PHONE 916-264-5710
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MAY 20 1997
OFFICE OF THE
CITY CLERK
A697-062

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: LEASE AGREEMENT WITH K/B OPPORTUNITY FUND I., L.P., A
DELAWARE LIMITED PARTNERSHIP (K/B OPPORTUNITY FUND)

LOCATION/COUNCIL DISTRICT:

Koll Business Center at 640 Bercut Drive in Council District 1.

RECOMMENDATION:

This report recommends that the City Council, by resolution, authorize the execution of a Lease Agreement with K/B Opportunity Fund for the lease of space at the above-referenced location.

CONTACT:

Gary L. Ransom, Real Property Agent, 264-7800
Patty McGear, Assistant Public Safety
Communications Manager, 264-8107

FOR COUNCIL MEETING OF: May 20, 1997

SUMMARY:

Subject to City Council approval, a three-year Lease Agreement with two one-year options to renew has been negotiated with K/B Opportunity Fund to provide continued occupancy of 4,788 sf of space for police training at 640 Bercut Drive. This new Lease will replace an expired lease under which the Police Department occupied 18,240 square feet at the site.

City Council
Lease Agreement with K/B Opportunity Fund
April 29, 1997

The term of the Lease is from June 1, 1997 through May 31, 2000 with lease payments covering monthly rent, common area charges and tenant improvements. The Lease is on file in the City Clerk's Office.

BACKGROUND INFORMATION:

The Police facilities have been located at 640 Bercut Drive, occupying 18,240 sf since October 1, 1986. Recently, all Police facilities at the site, except Police Training, have been relocated to the Bank of America building at 900 Eighth Street. Due to space constraints at other sites, Police Training must remain at this site.

FINANCIAL CONSIDERATIONS:

The term of the Lease is three years with two one-year options. Monthly rent payments begin at \$4,788 per month or \$1.00/sf. Rent increases to \$1.05/sf in the second year and to \$1.10/sf in the final year of the Lease. In addition, there is a charge of \$371/month to cover the amortization of tenant improvements and an annual common area charge estimated to be \$500 in the second year and \$1,000 in the final year of the Lease. The total cost of the Lease, tenant improvements and common area charges to the City over its term of the Lease is anticipated to be \$196,356. Payments will be made by the Police Department. The funding line is 101-210-2152-4231.

Based on a survey of rents 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. 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 needed space for a critical police function at the site that has already proven adequate for the purpose.

City Council
Lease Agreement with K/B Opportunity Fund
April 29, 1997

MBE/WBE:

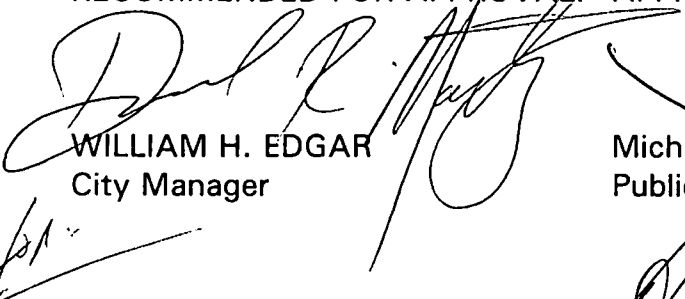
None, no goods or services are being sold.

Respectfully submitted,



Gary Alm, Manager
Real Estate Services & Special Districts

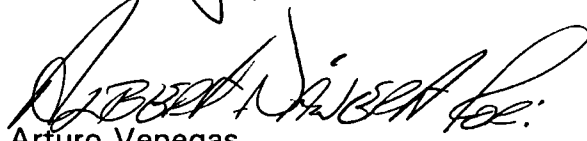
RECOMMENDED FOR APPROVAL: APPROVED:



WILLIAM H. EDGAR
City Manager



Michael Kashiwagi, Director
Public Works Department



Arturo Venegas
Chief of Police

APPROVED
BY THE CITY COUNCIL

MAY 20 1997

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 97-237

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____
RESOLUTION AUTHORIZING EXECUTION
OF LEASE AGREEMENT
WITH K/B OPPORTUNITY FUND
FOR POLICE DEPARTMENT SPACE
AT KOLL BUSINESS CENTER
AT 640 BERECUT DRIVE

WHEREAS the City's Real Estate Services Section has entered into lease negotiations to lease space from K/B Opportunity Fund I., L.P. a Delaware limited partnership, with a beginning monthly rental rate of \$4,788 plus \$371 to amortize tenant improvements, which lease contains a three-year term with two one-year options to renew.

NOW THEREFORE, BE IT RESOLVED THAT the City Manager is hereby authorized and directed to execute the attached Lease Agreement with K/B Opportunity Fund I., L.P. a Delaware limited partnership to lease space at 640 Bercut Drive for Police Training and is further authorized to execute such other documents as are necessary to carry out the purpose and intent of this resolution.

MAYOR

ATTEST:

CITY CLERK

GR4-3-4.29

4

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____