



REPORT TO COUNCIL

City of Sacramento

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915 I Street, Sacramento, CA 95814-2671
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CONSENT
February 14, 2006

Honorable Mayor and
Members of the City Council

Subject: Agreement: Lease of Warehouse Space at 6150 27th Street

Location/Council District: 6150 27th Street (District 5)

Recommendation:

Adopt a Resolution: 1) Authorizing the City Manager to execute the Industrial Gross Lease with Cook & Oates for the City's lease of the premises located at 6150 27th Street ("Premises"); 2) Approving prior payments to Cook & Oates in the amount of \$204,288 for the City's occupancy of the Premises for the time period of May 1, 1999 through August 31, 2005; and 3) Authorizing payment to Cook & Oates in the amount of \$16,128 for the City's occupancy of the Premises for the time period of September 1, 2005 through February 28, 2006.

Contact: Rhonda R. Lake, Program Manager, 808-7902
Jerry Way, Street Services Manager, 808-6381

Presenters: Not Applicable

Department: General Services

Division: Facilities and Real Property Management

Organization No: 3285

Summary:

Subject to Council approval, a lease has been negotiated with Cook & Oates for approximately 11,200 square feet of warehouse space to store office and flood control equipment at 6150 27th Street. The lease is a month-to-month agreement commencing March 1, 2006, terminable by either party with 30-days written notice. The rental rate is \$2,688.00 per month or \$0.24 per square foot per month. The City is responsible to pay utility charges while the landlord is to pay other operating expenses, including common area expenses. The City has occupied the Premises continuously since the expiration of a prior lease for the Premises on April 30, 1999. In addition to approval of the subject lease, this report requests approval of payments previously made for such occupancy, as well as

authorization for additional payments to bring the City's payments current prior to commencement of the new lease term.

Committee/Commission Action: None

Background Information:

In 1997, under City Manager Agreement No. 97-150, the City entered into a lease with Cook & Oates for the subject Premises to store office and flood control equipment for the Department of Utilities and Street Services. Originally, the lease was seen as a short-term solution until approximately 11,000 square feet of storage space became available in a city-owned location. Accordingly, the original term was one (1) year with a 1-year renewal option through April 1999.

After April 30, 1999, the City continued to occupy the Premises and pay rent in accordance with the terms of the lease although the lease expired, as City staff assumed that the lease contained a holdover provision that would allow the City to continue to occupy the Premises and pay rent on a month-to-month basis under the terms of the lease. Between May 1, 1999 and August 31, 2005, the City paid a total approximate amount of \$204,288 to Cook & Oates for the right to occupy the Premises. Payments were made on a monthly basis and were in accordance with the terms of the expired lease. In August 2005, City staff determined that the lease did not have a holdover provision. The City has continued to occupy the Premises for the time period of September 1, 2005 to the present, but has not paid any additional funds to Cook & Oates for the right to occupy the Premises.

Currently, the City has a continuing need to store office and flood control equipment. The proposed monthly lease rate of \$2,688.00 or \$0.24 per square foot has not changed since 1999 and is a favorable rate for the type, condition and location of the space. The proposed month-to-month rental agreement can be terminated with 30-days written notice to the other party in the event suitable storage space becomes available in a city-owned facility or funding is identified to enclose a portion of the south dock at the North Area Corporation Yard.

In addition to requesting authorization to execute the month-to-month rental agreement commencing March 1, 2006, Council action is requested 1) to approve prior payments made to Cook & Oates for the right to occupy the Premises from May 1, 1999 through August 2005 in the amount of \$204,288; and 2) to authorize payments to Cook & Oates for the right to occupy the Premises for the time period of September 1, 2005 through February 28, 2006 in the amount of \$16,128.

Financial Considerations:

The monthly lease cost at the rate of \$2,688 per month or \$0.24 per square foot will be split equally between the Department of Transportation and the Department of Utilities, 101-340-3491-4231 and 425-330-3343-4231, respectively.

Environmental Considerations:

This project is exempt from the California Environmental Quality Act (CEQA) under Section 15301(a) of the CEQA guidelines. This section addresses the lease of space within an existing private structure involving no expansion of use, except for minor alterations.

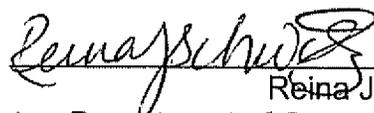
Policy Considerations:

This lease will support the City's effort to provide flood protection and promote public safety and livability.

Emerging Small Business Development (ESBD):

No goods or services are being purchased.

Respectfully Submitted by: 
Cynthia Kranc
Facilities Manager

Approved by: 
Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:


Ray Kerridge
Interim City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

February 14, 2006

APPROVING A LEASE OF WAREHOUSE SPACE AT 6150 27TH STREET

BACKGROUND

- A. In 1997, under City Manager Agreement No. 97-150, the City entered into an Industrial Gross Lease through April 30, 1999 with Cook & Oates for approximately 11,200 square feet of warehouse space to store office and flood control equipment at 6150 27th Street ("Premises").
- B. Although the lease expired on April 30, 1999, the City occupied the Premises for the time period of May 1, 1999 through August 31, 2005 and has paid \$204,288 to Cook & Oates for the occupancy of the Premises for that time period. Additionally, the City has occupied the Premises for the time period of September 1, 2005 to the present but has not paid Cook & Oates any amounts for the occupancy of the Premises for that time period.
- C. The City has a current continuing need for storage space for flood control equipment until suitable space becomes available in a city-owned facility.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is authorized to execute the month-to-month Industrial Gross Lease commencing March 1, 2006 with Cook & Oates for the occupancy of the Premises terminable by either party with 30-days written notice.
- Section 2. Payments made to Cook & Oates from May 1, 1999 through August 2005, in the amount of \$204,288, for the occupancy of the Premises are approved.
- Section 3. Payments to Cook & Oates in the amount of \$16,128, for the time period from September 1, 2005 through February 28, 2006 for the City's occupancy of the Premises are authorized.

