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DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

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TECHNICAL SERVICES DIVISION
REAL ESTATE SERVICES

September 29, 2000

City Council
Sacramento, California

AG 2000-152



Honorable Members in Session:

**SUBJECT: LEASE OF 2101 ARENA BOULEVARD, SUITE 200, FOR THE
NORTH PERMIT CENTER (PN: CE66)**

LOCATION/COUNCIL DISTRICT: Citywide

RECOMMENDATION:

This report recommends that City Council, by resolution, authorize the execution of the lease agreement with The Cambay Group, Inc. for office space at 2101 Arena Boulevard in the Arena Corporate Center. The leased space will be used by staff of the North Permit Center and will include a public counter for commercial and residential plan checking, permitting and related services and activities.

CONTACT PERSONS: Dennis Richardson, Building Official, 264-5956
Rhonda R. Lake, Real Property Agent, 264-7902

FOR THE COUNCIL MEETING OF: October 10, 2000

SUMMARY:

This report recommends approval of a lease agreement negotiated with The Cambay Group for office space in the Arena Corporate Center located at 2101 Arena Boulevard in the northern portion of the city (see Exhibit "A"). The space is comprised of approximately 26,400 rentable square feet and will accommodate staff of the City's Planning and Development Services Departments currently housed at 1231 I Street. The leased space will also include a public counter for plan checking and permitting services.

City Council

Lease of 2101 Arena Boulevard, Suite

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The initial lease term is eight (8) years with an option to extend for two (2) additional five (5) year periods. Four months free rent was negotiated. The monthly rental rate begins at \$1.60 per square foot and falls within market parameters for buildings of comparable size, condition and location. In year eight, the rental rate will be \$1.95 psf. Rent for the option periods will be "fair market rent" as agreed to by the parties when the option is exercised.

The lease is considered full service in that the Lessor is responsible for all expenses including maintenance, janitorial, and operating expenses in the first year (base year) of the agreement. Thereafter, all expenses over and above the amount realized in the base year will be passed through to the City.

A Tenant Improvement (TI) Allowance in the amount of \$25.00 per usable square foot, or approximately \$600,000, is included in the agreement for construction of the improvements required for City's use. The Lessor will construct all of the tenant improvements, including secured parking for forty (40) City vehicles. Additional parking has been allocated for employee and visitor parking.

BACKGROUND:

In January 1999, the Mayor of Sacramento established a "Commission on Development" which included, as one of its objectives, the evaluation of current development procedures and recommended actions to improve service to the community and encourage cooperative development efforts throughout the City. The commission developed several key recommendations that were presented to City Council in July 1999. As a result, staff was directed to move forward with implementation plans for the recommendations, including:

1. Improve physical access to existing development services, and;
2. Provide a Neighborhood Customer Service Center for Development Services in the northern portion of the City, and;
3. Improve facilities to address customer concerns and projected growth demands in the future.

In December 1999, staff issued a Request for Proposal (RFP) for the design, construction and lease of office space for commercial and residential plan checking and permitting services. An independent committee composed of representatives from the City Council, Private Sector and City Departments was established to review RFP submissions and complete the site selection process. The subject site was identified as a preferred site for the North Permit Center.

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FINANCIAL CONSIDERATIONS:

Initial funding for the lease, equipment, and staff relocation costs is provided in CIP CE66. Funding for on-going lease expense is budgeted in the Building Division's operating budget. These costs are offset by revenue generated from plan review and building permits.

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 interior alterations.

POLICY CONSIDERATIONS:

This item conforms with the direction of the Mayor's "Commission on Development" and City Council to locate a new full service development services facility in the northern portion of the City.

ESBD CONSIDERATIONS:

No goods or services are being purchased.

Respectfully submitted,




Gary Alm
Development Services Manager

Approved:



Duane Wray
Technical Services Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

APPROVED:



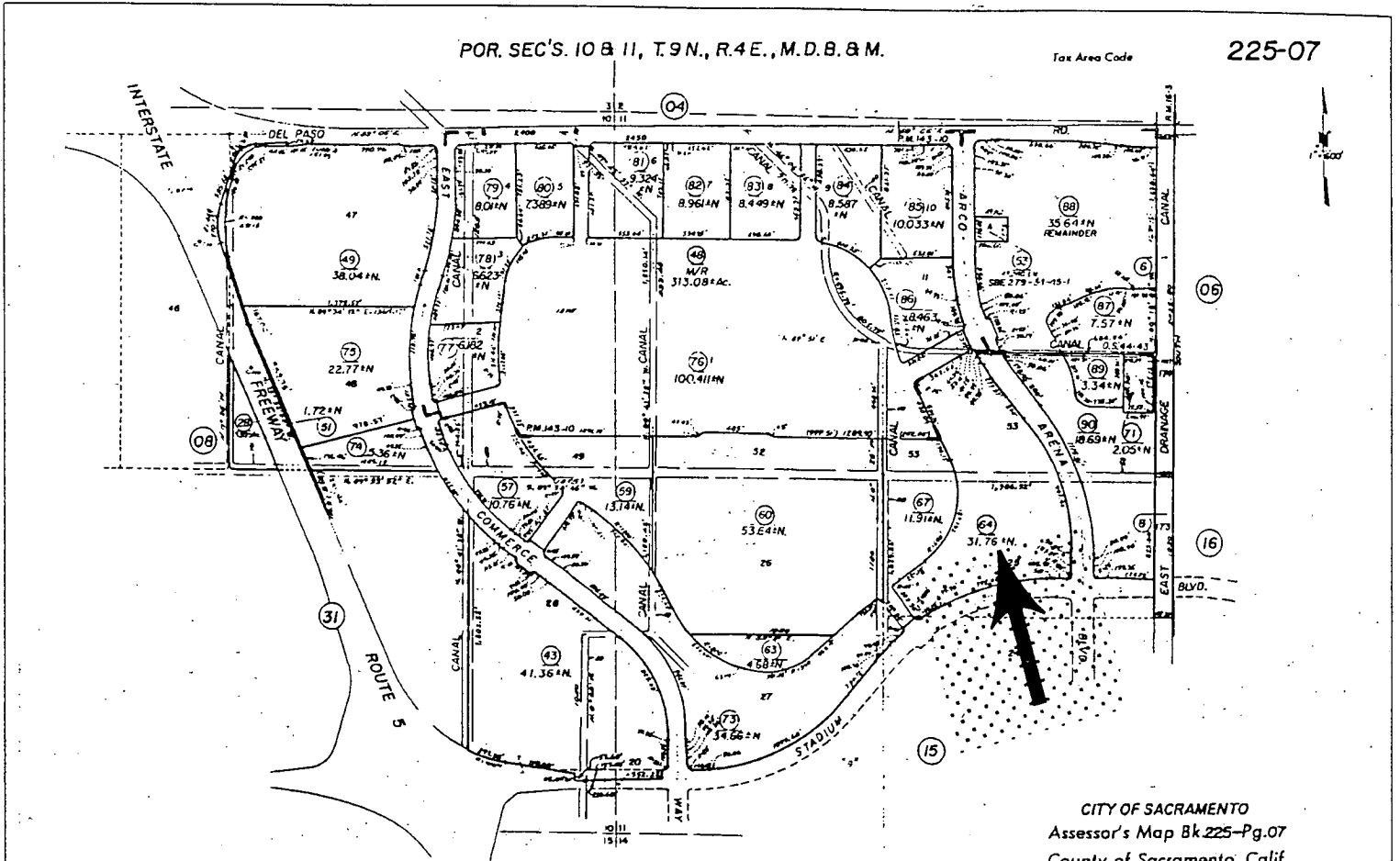
Michael Kashwagi
Director of Public Works

EXHIBIT "A"

POR. SEC'S. 10 & 11, T.9N., R.4E., M.D.B. & M.

Tax Area Code

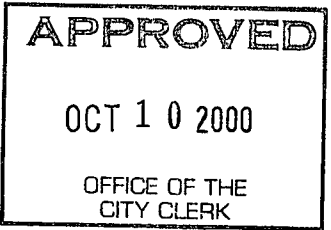
225-07



Metromex Central Sub., R.M. Bk. 15, Pg. 3
O.S. Bk. 11, Pg. 13 (2/1/51)

NOTE - Assessor's Block Numbers Shown in Ellipses.
Assessor's Parcel Numbers Shown in Circles.

CITY OF SACRAMENTO
Assessor's Map Bk. 225-Pg. 07
County of Sacramento, Calif.



RESOLUTION NO. 2000-590

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION AUTHORIZING EXECUTION OF A
LEASE WITH THE CAMBAY GROUP, INC. FOR OFFICE
SPACE AT 2101 ARENA BOULEVARD, SUITE 200**

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

That the City Manager and City Clerk are hereby authorized to execute a lease with The Cambay Group, Inc., for office space at 2101 Arena Boulevard, Suite 200, in Sacramento, California, to commence on the date of December 1, 2000 or upon completion of the tenant improvements.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____