

APPROVED
BY THE CITY COUNCIL

MAR 30 1999

OFFICE OF THE
CITY CLERK



1.4

**DEPARTMENT OF
PUBLIC WORKS**

TECHNICAL SERVICES
REAL ESTATE SERVICES

CITY OF SACRAMENTO
CALIFORNIA

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SACRAMENTO, CA
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March 11, 1999

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: LEASE EXTENSION AND AMENDMENT, 1023 J STREET,
SECOND FLOOR**

LOCATION AND COUNCIL DISTRICT: 1023 J Street, District 1

RECOMMENDATION:

This report recommends that City Council:

- Authorize, by resolution, the execution of a lease extension and amendment with 1017 J Street Associates for 1023 J Street, second floor, Baldwin and Howell building.

CONTACT PERSON:

Rhonda R. Lake, Real Property Agent, 264-7902
Duane Wray, Technical Services Manager, 264-8279

FOR COUNCIL MEETING OF: March 30, 1999

SUMMARY:

The City has exercised the second of two one-year options to renew the Lease for 1023 J Street, second floor. An additional three (3) year term has been negotiated to include a term ending on February 28, 2003, subject to City Council approval. A portion of the leased premises currently provides office space for Parks Administration, Landscape Architecture and On-Street Parking. City University is scheduled to relocate to the unoccupied portion of the second floor in April 1999.

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The monthly rental will remain at the current rate of approximately \$1.61 per square foot per month for the renewed period and extended term, payable at \$20,255 monthly. The lease is a full service agreement without pass-through expenses. City will have the option to renew the lease for an additional one (1) year period at the then current market rate; such rate to be agreed upon by the parties at the time the option is exercised.

The City has the right to use free of charge seven (7) parking spaces in the basement of the building and the exclusive right to rent an additional twelve (12) parking stalls for use by On-Street Parking. The monthly rental is seventy-five dollars (\$75) each; adjusted annually at a rate of two percent (2%).

The Lessor will, at its sole cost and expense, install new carpet on the entire second floor and paint the office suite to be occupied by City University.

Staff has conducted a survey of rental rates for buildings of similar type in close proximity to the premises and has determined that the rates negotiated fall within market parameters.

BACKGROUND INFORMATION:

By resolution, City Council authorized the execution of a five (5) year lease, dated August 26, 1992, identified as City Agreement No. 92-152 for the entire second floor of the Baldwin Howell building at 1023 J Street. The lease included two, one-year options to renew. The premises have been occupied by various divisions and departments of the City since the lease originated.

FINANCIAL CONSIDERATIONS:

The monthly rent will remain fixed at \$20,255 throughout the term. Extension of the lease will mean no moving cost or disruption to the operations of the divisions currently housed in the space and will provide a larger work environment for City University.

ENVIRONMENTAL ISSUES:

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

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POLICY CONSIDERATIONS:

This item conforms to City policy, in that the lease extension will provide adequate office space for critical City functions close to City Hall.

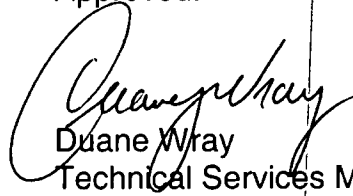
MBE/WBE: None. No goods or services are being purchased.

Respectfully submitted,



Gary Alm
Development Services Manager

Approved:




Duane Wray
Technical Services Manager

APPROVED:



Michael Kashiwagi
Director of Public Works

RECOMMENDATION APPROVED;



ROBERT P. THOMAS
City Manager

APPROVED
BY THE CITY COUNCIL

MAR 30 1999

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 99-140

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE EXECUTION OF
A LEASE EXTENSION AND AMENDMENT
WITH THE 1017 J STREET ASSOCIATES
FOR 1023 J STREET, SECOND FLOOR
THE BALDWIN HOWELL BUILDING

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

That the City Manager is hereby authorized and directed to execute a lease extension and amendment with the 1017 J Street Associates for the second floor of the Baldwin Howell building at 1023 J Street.

MAYOR

ATTEST:

CITY CLERK

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____