

DEPARTMENT OF
PUBLIC WORKS

DEVELOPMENT SERVICES

CITY OF SACRAMENTO
CALIFORNIA

REAL ESTATE SERVICES
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February 6, 2002

City Council
Sacramento, California

AG 2002-034

Honorable Members in Session:

**SUBJECT: AGREEMENT TO AMEND AND EXTEND LEASE AGREEMENT
AT 926 "J" STREET BUILDING 3RD FLOOR**

LOCATION AND COUNCIL DISTRICT: 926 J Street, Council District 1

RECOMMENDATION:

This report recommends that City Council, by resolution, authorize the execution of the agreement to amend and extend the lease for office space with the 926 "J" Street Partnership for the 926 J Street Building, 3rd floor.

CONTACT PERSON: Rhonda Lake, Real Property Agent, 264-7902

FOR THE COUNCIL MEETING OF: February 26, 2002

SUMMARY:

Pursuant to the renewal provision in City Agreement No. 90-130-2, Amendment and Extension of Lease, 926 "J" Street Building, 3rd Floor, City intends to exercise the second of its two renewal options and extend the lease term for an additional year through March 31, 2004. In addition, the proposed agreement provides an option to further renew the lease to coincide with the projected completion date for the new City Hall facility. The agreement also establishes the monthly rent for the extended term and the prospective renewal period.

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City Council
Agreement to Amend and Extend Lease Agreement at 926 "J" Street Building
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The leased space is comprised of approximately 8,582 square feet and provides office space for the City Treasurer, Geographic Information Systems (GIS) and Telecommunications staff. Monthly rent for the full service lease will start at \$1.54 per square foot and end at \$1.70 per square foot, if the City exercises the renewal option. The rental rate is at the lower range of market rents for buildings of similar size and condition located in close proximity to City Hall.

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND INFORMATION:

In July 1990, the expansion and relocation of several City departments resulted in the relocation of offices to the 926 "J" Street Building under City Agreement 90-130 and 90-130-1. In July 1996, City Agreement No. 90-130-2 extended the lease for five (5) years and modified the agreement to make it a full service lease without pass-through expenses to the City. In July 2001, City Council approved City Agreement No. 2001-120 to exercise the first of two renewal options to extend the term through March 31, 2002 at a rental rate of \$1.47 per square foot. The proposed agreement will extend the term through March 31, 2004 and establishes a rental rate of \$1.54 per square foot from April 1, 2002 through March 31, 2003 and \$1.62 per square foot from April 1, 2003 through March 31, 2004. The City will have an option to renew the lease for an additional six (6) month period at \$1.70 per square foot so as to coordinate lease termination with the projected completion date of the new City Hall.

FINANCIAL CONSIDERATIONS:

In April of each year the monthly rent will increase five (5) percent, which is consistent with market rental adjustments. By extending the lease until completion of the new City Hall, the City will avoid moving costs and disruption to staff operations currently housed in the space.

ENVIRONMENTAL CONSIDERATIONS:

It has been determined that the extension of an existing lease has no potential for causing an environmental impact and is exempt under CEQA Guidelines, Section 15061(3).

POLICY CONSIDERATIONS:

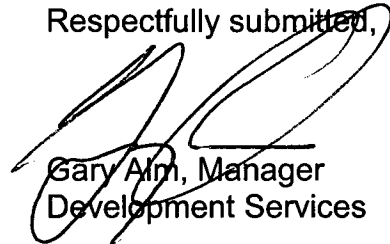
This item conforms with City policy to provide adequate office space for critical City functions close to City Hall.

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ESBD CONSIDERATIONS:

None. No goods or services are being purchased.

Respectfully submitted,



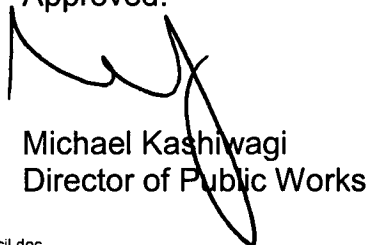
Gary Alm, Manager
Development Services

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

Approved:



Michael Kashiwagi
Director of Public Works



RESOLUTION NO. 2002-097

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING EXECUTION OF THE AGREEMENT TO AMEND AND EXTEND LEASE AGREEMENT WITH 926 "J" STREET PARTNERSHIP FOR OFFICE SPACE AT 926 "J" STREET, 3RD FLOOR

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

1. That the City Manager and City Clerk are hereby authorized to execute the Agreement to amend and extend Lease Agreement at 926 "J" Street Building 3rd floor, Sacramento, California with the 926 "J" Street Partnership for office space at 926 "J" Street, 3rd floor.
2. That the City Manager is hereby authorized to execute such other documents as necessary to carry out the purposes and intent of this resolution.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

ORDINANCE NO _____

DATE ADOPTED _____