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DEPARTMENT OF
PARKS AND RECREATION

CITY OF SACRAMENTO
CALIFORNIA

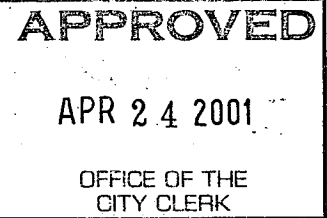
1231 I STREET, #400
SACRAMENTO, CA
95814-2997

RECREATION DIVISION

(916) 264-5200
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April 11, 2001

AB 2001-064



City Council
Sacramento, California

**SUBJECT: LEASE OF FORMER GRANITE CONSTRUCTION COMPANY OFFICE
FOR PARKS AND RECREATION OPERATIONS**

LOCATION/COUNCIL DISTRICT: 3801 Power Inn Road; Council District 6

RECOMMENDATION:

This report recommends that City Council, by resolution, authorize the execution of a lease agreement with Phase One Regional Park Partners for a building at 3801 Power Inn Road adjacent to Granite Regional Park.

CONTACT PERSON: Ralph Pettingell, Recreation Manager
277-6173

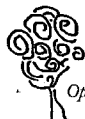
FOR COUNCIL MEETING OF: April 24, 2001

SUMMARY:

A five year lease has been negotiated for approximately 2,707 square feet of office space adjacent to Granite Regional Park. The space is needed to relieve compaction at Coloma Community Center, to provide a public reservations counter with easy access, office space for staff responsible for Granite Regional Park, a public meeting area and equipment storage.

COMMITTEE/COMMISSION ACTION:

None.



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BACKGROUND INFORMATION:

The leased premises are comprised of a freestanding building which formerly served as the Granite Construction Company office. A five (5) year option to renew the lease is included in the agreement.

The Parks and Recreation Department have been occupying space in the Coloma Community Center for administrative operations for many years, and have expanded into rooms formerly used by the public. Growing demand for walk-in reservations and customer service at Coloma Community Center, coupled with the desire to expand public access to park reservations and services outside of the downtown core, were the genesis for this relocation. The space will house a total of 14 parks and recreation staff members, which includes parks operation staff dedicated to the maintenance of the adjacent regional park. Public meeting space will also be available.

With assistance from the City's Real Estate Division, a five-year full service lease has been negotiated for approximately 2,707 square feet of office space. The following is a summary of the terms of the lease:

- ▶ Term 5 years with 5 year option to renew
- ▶ Full service (with the exception of electricity)
- ▶ Monthly rent beginning at \$3,150.00, or, \$1.16 (year 1) - \$1.47 (year 5) per square foot
- ▶ Includes tenant improvements
- ▶ Includes 11 reserved parking spaces

During the term of the lease, the Lessor will be responsible to pay all operating and maintenance expenses except utilities, which the Department will pay directly. The monthly rent will begin at \$1.16 per square foot, ending at \$1.47 per square foot in year five. Rent for the option period will be "fair market rent" as agreed to by the parties at the time the option is exercised. All tenant improvements will be provided at no cost to the City. In addition, the City will have exclusive use of 11 parking spaces without charge.

FINANCIAL CONSIDERATIONS:

Compared to other buildings at comparable terms, the beginning rental rate of \$1.16 per square foot falls within the current range of fair market rent for that area. A request will be made for the full lease amount as part of the FY 02 budget process. However, the cost of the lease will be absorbed in the Department budget if necessary.

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 use of an existing private structure

involving no expansion of use, except minor interior alterations.

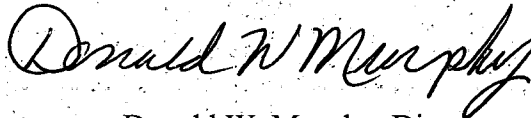
POLICY CONSIDERATIONS:

None. Department staff has maximized space at City facilities, and it is now necessary to lease space with permission from Council.

ESBD CONSIDERATIONS:

No goods or services are being purchased.

Respectfully Submitted,

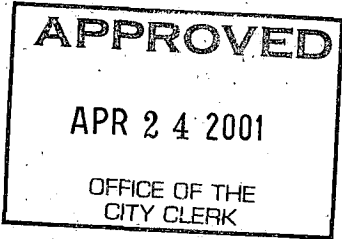


Donald W. Murphy, Director
Department of Parks and Recreation

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager



RESOLUTION NO. 2001-233

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION AUTHORIZING EXECUTION OF A LEASE WITH
PHASE ONE REGIONAL PARK FOR OFFICE SPACE AT
3801 POWER INN ROAD**

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

1. The City Manager and City Clerk are hereby authorized to execute a lease with Phase One Regional Park for 3801 Power Inn Road, Sacramento, California, and
2. The City Manager is further authorized to execute such additional documents and take such additional actions as necessary to carry out the purposes and intent of this resolution.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

Resolution No.: _____

Date Adopted: _____