

Agenda Report

DATE: April 26, 2004
TO: CITY COUNCIL
FROM: CYNTHIA J. KURTZ, CITY MANAGER
SUBJECT: LEASE AMENDMENT FOR DEPARTMENT OF WATER AND POWER OFFICES AT 150 S. LOS ROBLES AVENUE

RECOMMENDATION:

It is recommended that the City Council approve the terms and conditions, as generally described below and authorize the City Manager to execute a lease amendment and any other documents necessary to carry out this transaction.

BACKGROUND:

The Department of Water and Power currently occupies 23,428 rentable square feet of office space on the second and third floors of the building at 150 S. Los Robles Avenue. In order to consolidate the Power Supply Business Unit management with engineering and planning sections currently located at the power plant, an additional 1,199 rentable square feet will be leased at the building for occupancy beginning May 1, 2004. This will allow for a more efficient working arrangement and relieve over crowding and improve security at the off-site dispatch center. In addition, it will allow office space for two Water Supply Business Unit engineers that were approved in the FY 2005 operating budget, at the 150 location.

The term of the current full service gross lease that began October 1, 2000 runs through September 30, 2005. There is a 5-year option to renew. The lease amendment will increase the total square footage to 24,627 rentable square feet with all other terms and conditions remaining the same. However, the Lessor, at his cost will remove two partial walls and completely paint and carpet the space to accommodate City occupancy. Although the lease commencement date is June 1, 2004, the Lessor will allow City occupancy beginning May 1, 2004, which effectively gives the City one month of free rent. Rent for the additional space is \$2.10 per rentable square foot per month and will run through the end of the current term.

FISCAL IMPACT

This proposal will result in an increase in rent of approximately \$2,520 per month or \$30,215 per year for the additional space. Funds are available in the Power Fund account 8106-401-841000-0921 for the remainder of FY2004 and funds have been included in the FY2005 proposed operating budget.

Prepared by:



MANUEL NEGRETE JR.
Real Property Manager

Approved by:



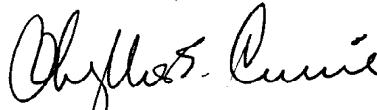
RICHARD BRUCKNER
Director of Planning and Development

Respectfully Submitted,



CYNTHIA J. KURTZ
City Manager

Concurred By:



PHYLLIS CURRIE
General Manager,
Department of Water & Power