


TO: James L. App, City Manager  
FROM: Mike Compton, Director of Administrative Services   
SUBJECT: Pine Street Storage Rental Rates  
DATE: November 2, 1999

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**NEEDS:**

For the City Council to revisit rental rates for Pine Street Self Storage and provide direction to staff.

**FACTS:**

1. The City owns and operates a self storage unit facility on Pine Street near the Transit Center.
2. In order to meet debt service obligations for the internal promissory note issued to purchase the facility, the Council at their 11/3/98 raised rental rates.
3. The Council did request that staff bring this item back for their review and consideration after one year.
4. This matter was presented to the Council's ad hoc fiscal policy committee for their consideration on October 4, 1999. The Committee recommends that rental rates remain at current levels.

**ANALYSIS &  
CONCLUSION:**

Pine Street Storage contains 26 storage units, 10 of which are smaller units rented at the rate of \$90 per month except two units, # 610 and 612, which are \$80 per month since they have non-concrete floors. There are 16 of the larger units rented at the rate of \$110 per month except six units, # 632, 634, 644, 658, 660 and 664, which are \$100 per month since they have non-concrete floors.

The City currently has 5 vacancies, three smaller units and two larger units. Two of the vacant units have non-concrete floors.

Other than the condition of the City's facility as compared to other facilities in the community, staff has no explanation for the vacancies. The rents are relatively competitive. While tenants come and go, there was approximately the same number of vacancies when the City acquired the facility as currently in spite of the rent increase.

**FISCAL  
IMPACT:**

At the current vacancy rate, the City will collect \$25,320 in rental income annually. However, annual debt service payments are \$29,300. In order to break even, the City would have to experience a vacancy rate of less than one unit annually.

A significant number of the current renters are long time tenants. It is unknown nor would staff guess as to whether or not another rate increase would result in an increase in the vacancy rate.

OPTIONS:

- a. That the City Council review the current rental rates give direction to staff relative to preparation of a rate increase resolution; or
- b. Amend, modify, or reject the above option.