

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services
SUBJECT: Office Lease for Civic Center Annex
DATE: August 7, 2007

Needs: For the City Council to adopt resolution approving a lease agreement for office space for the relocation of the Administrative Services Department and the Information Technology Division of the City Manager's Department.

Facts:

1. Due to the lack of space at City Hall, the IT division has been relocated to leased office space on 10th Street.
2. Due to the lack of space at City Hall, the Department of Administrative Services needs to be relocated.
3. The only means of making space available is to relocate.
4. Office space in close proximity of city hall and downtown was identified and considered. The most suitable site is at 821 Pine Street across the street from the Transit Center.
5. A lease agreement with the owner of 821 Pine Street is offered for consideration.

Analysis & Conclusion:

The site at 821 Pine Street is approximately 4,900 square feet and is sufficient to house Administrative Services and IT. IT would move when their current lease expires June 30, 2008. There is ample parking for both staff and customers - nine spaces on site in the alley on a "first come first serve basis" plus considerable on-street parking as well as the public lot across the street at the Transit Center.

The major points of the agreement are identified as follows:

- Lease to commence 8/8/07
- Lease will expire 6/30/12
- Lease will provide for three two year options at City discretion
- Monthly lease payment shall be \$6,018.75
- Monthly lease payment shall be escalated annually by CPI as published by BLS
- Common area property operating expenses shall be \$0.30 per sq.ft. adjusted annually to actual

- City to receive 1.5 months free rent
- Landlord to install four 4'x4' skylights
- Landlord to be responsible for maintenance & repairs to air, heating, plumbing and electrical systems, etc.
- City to be responsible for its own tenant improvements
- City to be responsible for its own operating expenses; i.e. janitorial service and utilities, etc.

Fiscal
Impact:

At \$6,018.75 plus \$0.30 per sq.ft., the first year's cost will be about \$70,000 including the 1.5 months free rent and the partial month of August. Based on the second, full year's rent would be \$90,200 (approximately \$1.53 per square foot monthly) plus the annual CPI adjustment.

The Public Works Director is developing a tenant improvement plan. He estimates the cost will be in the \$500,000 to \$750,000 range. Tenant improvements would include such things as customer service/lobby installation, work stations (some "hard" built offices but mostly modular office work space), two conference rooms, break room, secured storage room, possible electrical upgrades, floor coverings, and equipment.

\$2.4 million is available in the City Hall Development Fund. It is expected that another \$1 million +/- will be deposited as part of the year end closing process. Thus, there are sufficient resources available to cover the cost of establishing a "civic center annex".

Options:

- a. That the Council adopt Resolution No. 07-XXX approving a lease agreement with Bill Olander, attached herewith as Exhibit "A", authorize the Director of Administrative Services to execute said lease and appropriate \$900,000 from the City Hall Development Fund; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 07-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING A LEASE WITH BILL OSTANDER FOR OFFICE SPACE
LOCATED AT 821 PINE STREET AND A BUDGET APPROPRIATION
FOR THE FIRST TWO YEARS RENT AND TENANT IMPROVEMENTS

WHEREAS, the lack of available space at the upstairs City Hall has required the relocation of the City's Information Technology Division; and

WHEREAS, there is insufficient space for Department of Administrative Services to provide work space for two authorized positions; and

WHEREAS, the fiscal year 2008 adopted budget authorizes additional staffing for departments located at City Hall wherein there is insufficient space for needs; and

WHEREAS, it has been determined that the relocation the Department of Administrative Services would provide the means of making space available at City Hall for newly authorized staffing positions as well as serving their own space requirements; and

WHEREAS, the Information Technology Division of the City's Manager Office would join the Department of Administrative Services when their current lease expires; and

WHEREAS, Bill Ostrander has office space available that would meet the immediate needs of the Department of Administrative Services and future relocation of the Information Technology Division of the City's Manager Office.

THEREFORE, BE IT HEREBY RESOLVED that the City Council of the City of El Paso de Robles approves a lease agreement, attached herewith as Exhibit "A", with Bill Ostrander and authorizes the Director of Administrative Services to execute said lease agreement.

BE IT FURTHER RESOLVED by the City Council of the City of El Paso de Robles that a budget appropriation in the amount of \$900,000 from the City Hall Development Fund to budget accounts as follows:

Rent	xxx-140-5212-125	\$70,000 fy 2008/\$90,000 fy 2009
Equipment	xxx-140-5454-125	\$50,000 fy 2008
Tenant Improvements	xxx-140-5452-125	\$690,000 fy2008

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 7th day of August 2007 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Deborah Robinson, Deputy City Clerk