



REPORT TO COUNCIL

City of Sacramento

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915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

CONSENT
November 25, 2008

Honorable Mayor and
Members of the City Council

Title: Lease Agreement: 4th "R" Child Care Program

Location/Council District: 5725-5735 47th Avenue, District 6

Recommendation: Adopt a **Resolution** authorizing **1)** the City Manager or City Manager's designee to execute a five-year lease with the Sacramento City Unified School District for office space for the 4th "R" Child Care Program at 5725-5735 47th Avenue; and **2)** authorizing the City Manager or the City Manager's designee to execute such additional documents and to take such additional actions as necessary to implement the lease.

Contact: David Mitchell, Recreation Manager, 808-6076

Presenters: N/A

Department: Parks and Recreation

Division: Children and Family Recreation Services

Organization No: 19001621

Description/Analysis

Issue: The Parks and Recreation Department's 4th "R" child care program has been leasing office space since 2002 at the headquarters building of the Sacramento City Unified School District at 5725-5735 47th Avenue. The lease has expired and a new five-year lease has been prepared. Staff recommends that City Council authorize the execution of the new lease through October 31, 2013. No General Fund support is required.

Policy Considerations: Continued participation in child care programming is consistent with the City's strategic plan to enhance livability.

Environmental Considerations:

California Environmental Quality Act (CEQA): This project is exempt from the California Environmental Quality Act (CEQA) under Section 15301(a) of the CEQA Guidelines. This Section addresses the lease of space within an existing public structure involving no expansion of an existing use, except for minor alterations.

Sustainability Considerations: The approval of the lease is not applicable to the goals, policies and targets of the Sustainability Master Plan or the 2030 General Plan.

Commission/Committee Action: None

Rationale for Recommendation: Since the 4th "R" child care program began in 1986, its administrative operations have been housed in leased space. In 2002 the operations moved to the new headquarters building of the Sacramento City Unified School District. When the building was being designed, the school district requested that 4th "R" lease space in the building.

The 4th "R" program operates at 26 elementary schools, 17 of which are on Sacramento City Unified campuses. Being housed in the school district's headquarters building has helped facilitate a close working relationship with the school district, both for the 4th "R" program and for other Parks and Recreation programs. In addition, the school district has available space and has encouraged the City to continue its lease arrangements.

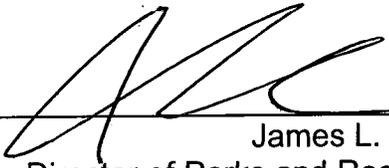
Financial Considerations: No General Fund dollars are used in the delivery or management of the 4th "R" program. Over the five-year term of the lease the maximum payment to the school district is \$475,740, with a maximum first-year cost of \$89,100. The initial rental rate is \$1.65 per square foot, for which the school district provides all utilities, maintenance, repairs and janitorial services without pass-through to the City. The lease rate falls within market parameters for buildings of comparable size, condition and location. Funding will continue to come from the 4th "R" Fund (6012). The 4th "R" program is a fee-based, self-sufficient program. No new funds or fund appropriation is required.

Emerging Small Business Development (ESBD): The Sacramento City Unified School District is not certified as an emerging/small business.

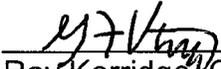
Respectfully submitted by: _____


David Mitchell
Recreation Division Manager

Approved by: _____


James L. Combs
Director of Parks and Recreation

Recommendation Approved:

for 

Ray Kerridge, City Manager

Table of Contents:

	Report	pg. 1-3
Attachments		
1	Background	pg. 4
2	Resolution	pg. 5-6

Attachment 1

Background

The 4th "R" Child Care program, operated by the Department of Parks and Recreation, continues to grow with the population of Sacramento, and provides a consistently high quality and valuable service to 2,700 Sacramento families. In operation since 1986, 4th "R" currently operates 26 programs on 25 elementary school campuses of the Natomas, Robla, Sacramento City and Twin Rivers school districts.

Child care services are provided before, during and after school hours, from 7:00 A.M. to 6:00 P.M. throughout the year. Ninety percent of the children are served at competitive market rates, including those whose parents have been referred to alternative funding sources that share the costs with the parents. The remaining ten percent qualify for free or greatly reduced rates funded by a grant awarded to the City by the California Department of Education.

The proposed lease with the Sacramento City Unified School District for a portion of 5725-5735 47th Avenue is for a five-year term, beginning November 1, 2008, and expiring on October 31, 2013. The lease may be terminated with six months' notice. The 4th "R" administrative offices currently occupy 2,285 square feet at this location. As a result of program expansion over the last few years, the number of administrative employees has increased. With additional 4th "R" office staff anticipated in the near future to implement the centralization of customer billing and payments, additional office space is required. In addition, there is a possibility that several Parks and Recreation employees currently housed in leased space paid for by the General Fund could be consolidated into the space occupied by 4th "R."

The school district has space available and has offered up to an additional 2,215 square feet, for a maximum total of 4,500 square feet. The potential maximum size of 4,500 square feet was written into the lease so that adjustments could be made during the term of the lease as conditions change.

With annual rent increases of just over three percent, the monthly rate would increase from \$1.65 to \$1.88 per square foot over the five years. Assuming a maximum size of 4,500 square feet, the maximum rent that could be paid under the proposed lease is \$475,740 for the five-year term. However, it is not likely that the maximum amount would be reached because it would take at least several months before the school district could make any alterations and turn the larger office space over to the City. The school district will pay for any tenant improvements required for enlarging or moving the City's office space within the building.

The lease agreement is available for review in the City Clerk's Office.

RESOLUTION NO.

Adopted by the Sacramento City Council

AUTHORIZING THE LEASE OF A PORTION OF 5725-5735 47TH AVENUE FOR ADMINISTRATIVE OFFICES OF THE 4TH "R" CHILD CARE PROGRAM

BACKGROUND

- A. The Parks and Recreation Department's 4th "R" Child Care program has provided a consistently high quality and valuable service since 1986. Child care services are provided before, during and after school hours, from 7:00 A.M. to 6:00 P.M. throughout the year. The program serves approximately 2,700 children each year at 26 programs on 25 elementary school campuses.
- B. The 4th "R" program has been leasing office space since 2002 in the headquarters building of the Sacramento City Unified School District at 5725-5735 47th Avenue at the request of the school district. The lease has expired and a new five-year lease has been prepared for the period November 1, 2008, to October 31, 2013.
- C. The 4th "R" administrative offices currently occupy 2,285 square feet at the school district's headquarters building. Additional office space is required. The school district has space available and has offered up to an additional 2,215 square feet, for a maximum total of 4,500 square feet. The potential maximum size of 4,500 square feet was written into the lease so that adjustments could be made during the term of the lease as conditions change.
- D. The proposed lease is a full-service agreement that makes the school district responsible for all expenses, including utilities, maintenance, repairs and janitorial services without pass-through to the City. The school district will pay for any tenant improvements required for enlarging or moving the City's office space within the building.
- E. With annual rent increases of just over three percent, the monthly rate would increase from \$1.65 to \$1.88 per square foot over the five years. Assuming a maximum size of 4,500 square feet, the maximum rent that could be paid under the proposed lease is \$475,740 for the five-year term.
- F. Funding will continue to come from the 4th "R" Fund (6012). The 4th "R" program is a fee-based, self-sufficient program. No General Fund dollars are used in the delivery or management of the program. No new funds or fund appropriation is required.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Manager or City Manager's designee is authorized to execute a five-year lease with the Sacramento City Unified School District for office space for the 4th "R" Child Care Program at 5725-5735 47th Avenue.

Section 2. The City Manager or the City Manager's designee is authorized to execute such additional documents and to take such additional actions as necessary to implement the lease.