



REPORT TO COUNCIL

City of Sacramento

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915 I Street, Sacramento, CA 95814-2604

www.CityofSacramento.org

CONSENT

February 16, 2010

Honorable Mayor and
Members of the City Council

Title: Lease Agreement: Public Safety Administration Building Office Space

Location/Council District: 5770 Freeport Blvd., Suite No. 44 / Council District 4

Recommendation: Adopt a **Resolution:** 1) finding that it is in the best interest of the City, pursuant to Sacramento City Code section 3.68.110D, to lease office space located at 5770 Freeport Blvd., Suite No. 44, without bidding; 2) authorizing the City Manager or the City Manager's designee to execute a seven-year lease agreement with the Sacramento Black Chamber of Commerce for the office space noted above; 3) 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 agreement noted above; and 4) authorizing the City Manager or the City Manager's designee to establish a revenue budget as required within the Department of General Services General Fund operating budget.

Contact: Bill Sinclair, Program Manager, 808-1905; Cynthia Kranc, Facilities Manager, 808-2258

Presenters: Not applicable

Department: General Services

Division: Facilities and Real Property Management

Organization No: 13001551

Description/Analysis

Issue: Established in 1985, the Sacramento Black Chamber of Commerce (SBCC) was organized to bring African American business owners and professionals together to create a solid economic structure within Sacramento's business community. Currently located in offices in West Sacramento, the SBCC sought an opportunity to relocate to office space within the Sacramento city limits. The vacant office space at 5770 Freeport Blvd, Suite No. 44, meets their requirements and, subject to City Council approval, the SBCC will relocate to the space within a few weeks of lease approval.

Policy Considerations: The recommendations in this report are consistent with the provisions of City Code Section 3.68.110D, which authorizes the City Council to lease city-owned property without bidding when the Council finds that such action is in the best interest of the city and when a written offer for lease has been presented by or on behalf of a prospective lessee, with rent at or above the fair market rate for comparable, similarly situated property.

Committee/Commission Action: Not applicable

Environmental Considerations:

California Environmental Quality Act (CEQA): This project is exempt from CEQA guidelines under Section 15301, "operation of existing public structures or facilities involving no expansion of use."

Sustainability Considerations: Not applicable

Rationale for Recommendation: Approval of the proposed lease, without bidding, with the SBCC is in the best interests of the City since 1) the proposed rent is at or above fair market rent for comparable, similarly situated space in accordance with City Code Section 3.68.110D; 2) the SBCC will improve and occupy approximately 2,058 square feet of office space that has been vacant since the former long-term tenant vacated the site in 2006; 3) the lease will generate revenue to the City over the seven-year term, and 4) the lease will provide adequate office space in which the SBCC can continue its mission for business professionals to work together to improve the economic, cultural and civic well-being of the African American community.

Financial Considerations: The beginning monthly rent of \$0.80 per square foot (\$1,646.40 per month) is equivalent to fair market rent for comparable, similarly situated office space. Monthly rent will increase annually by three and one-half (3.5%) percent such that the minimum monthly rent in the last year will be \$2,016.84 or \$0.98 per square foot. Rental revenue will be reflected in the budget of the Department of General Services.

The tenant has agreed to make various tenant improvements in the space, including carpet replacement, paint, and the installation of a new conference room. In consideration of these improvements, the city will provide a monthly rent credit for all amounts paid by the tenant to make the tenant improvements, up to an aggregate total amount of \$15,000, upon receipt of proof of payment from the tenant. The tenant will pay all monthly charges for telephone and computer use, gas and electricity and all other utilities serving the space, including costs for interior janitorial service.

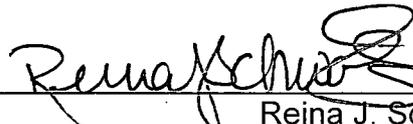
A brokerage commission, in the amount of \$7,692.80 will be paid to TRI Commercial pursuant to a September 2009 exclusive listing agreement in which TRI Commercial was retained as a leasing agent for the building. Sufficient funds are available within the

FY2009/10 General Fund (Fund 1001) operating budget of the Department of General Services to pay the brokerage commission.

Revenue will not be received until the rent credit of up to \$15,000 for tenant improvements has been provided to the tenant.

Emerging Small Business Development (ESBD): Not applicable

Respectfully Submitted by: 
Cynthia Kranc
Facilities Manager

Approved by: 
Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:

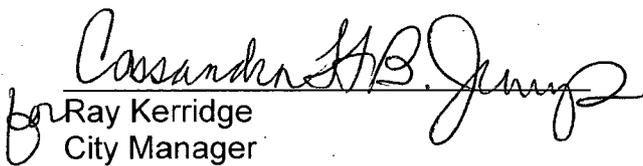

Ray Kerridge
City Manager

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RESOLUTION NO. 2010-

Adopted by the Sacramento City Council

February 16, 2010

LEASE AGREEMENT: PUBLIC SAFETY ADMINISTRATION BUILDING OFFICE SPACE

BACKGROUND

- A. The City of Sacramento owns the building at 5770 Freeport Blvd. which is known as the Public Safety Headquarters Administration Building (PSAB). Although PSAB is primarily used as administrative office space for the Police and Fire Departments, there are several for-lease office and retail suites located within the building, including Suite No. 44.
- B. In September 2009, under City Agreement No. 2009-0917, the Department of General Services retained TRI Commercial to market vacant space in PSAB.
- C. The Sacramento Black Chamber of Commerce (SBCC) has tendered a written offer to lease Suite No. 44 in PSAB, at fair market rent, for a seven year term.
- D. City Code Section 3.68.110D authorizes the City Council to lease city-owned property without bidding when the Council finds that such action is in the best interest of the city and when a written offer for lease has been presented by or on behalf of a prospective lessee, with rent at or above the fair market rate for comparable, similarly situated property.

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

- Section 1. Pursuant to Sacramento City Code 3.68.110D, it is in the best interest of the City to lease the property located at 5770 Freeport Blvd., Suite No. 44, without bidding.
- Section 2. The City Manager or the City Manager's designee is authorized to execute a lease agreement with the SBCC for office space located at 5770 Freeport Blvd., Suite No. 44 for a term of seven years.
- Section 3. 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 agreement noted above.
- Section 4. The City Manager or City Manager's designee is authorized to establish a

revenue budget as required within the Department of General Services
General Fund operating budget.