

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: 02/04/08

Reviewed by: _____

SUBJECT: Lease Agreement for 979 San Pablo Avenue

REPORT BY: Judy Lieberman, Assistant City Administrator

RECOMMENDATIONS

Authorize the City Administrator to enter into a lease agreement for the lease of 979 San Pablo Avenue as a temporary relocation site for city departments.

BACKGROUND

The City is seeking one more location for office space for the Community Development Department. The second story office space across the street from City Hall has been available for several months. There is 4000 SF available, allowing enough space for conference rooms and adequate storage. The cost is \$2.00/SF, or \$8000 monthly.

The City has been negotiating a proposal for leasing the space dependent upon the provision of acceptable disability access by the property owner. The property owner has expressed his willingness to install an external lift to the side of the building and to modify the second floor entryway to accommodate the lift. The estimated cost provided by the realtor for this modification is \$55,000, plus additional costs to modify the entryway.

DISCUSSION

The City has negotiated the following terms with the owner:

1. \$8000/month + utilities;
2. Year 3 will be bi-monthly (60 day notice.)
3. No cost of living increase for the first 2 years; a flat \$500 increase for year 3
4. Three parking spaces in rear lot, plus use of shared handicapped van space
5. City shall pay an additional \$5000 to the owner toward the installation of the lift; and shall provide 4 months of prepaid rent (for the last 4 months of the two year term).
6. Lessor shall provide a plan and specification for the installation of the lift for mutual approval. Construction and completion of the lift shall take approximately 60 days after receipt of a building permit. Lessor shall have a signed contract with a licensed contractor for the installation of the lift.

7. Lease to begin as soon as March 1. If the lift is not operational within 60 days of lease date; rent is free for each week the lift is not operational, with a maximum of 4 weeks delay, after which lease may be terminated and city's deposits may be returned.
8. Lease of FFE (interior furniture, equipment, etc.) will be at \$500/quarter or \$2000 per year.

FISCAL IMPACT

For the two-year period, the lease amount would be \$192,000 plus utility costs.