

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

Agenda Date: April 4, 2005
Date Prepared: March 28, 2005
Reviewed by: _____

SUBJECT: Resolution #05-14, Authorizing an Addendum to the existing Albany City Maintenance Center Lease to establish storage space for City property

FROM: Richard Cunningham, Public Works Manager
Ann Chaney, Community Development Director

STAFF RECOMMENDATION

Approve Resolution #05-14 – A resolution of the Albany City Council authorizing an Addendum to the existing Albany City Maintenance Center Lease to establish storage space for City property.

BACKGROUND

The City currently contracts with the Public Storage Company on Jacuzzi Street in Richmond for 400 square feet of storage space. The cost is \$900 per month, on a month-to-month basis. This is the only storage the City rents.

In anticipation of the Civic Center Rehabilitation Project, slated for Spring 2006, staff began exploring options for storing property that would be displaced by the rehabilitation work, principally items and records belonging to the Police Department. Because the current storage arrangement at Public Storage is relatively expensive (\$2.25/ square foot/month), the option of expanding that rental agreement was deemed undesirable because of the cost.

Negotiations were then opened with Mr. Zichichi, who is one of the owners of the City's Maintenance Center. This discussion resulted in the attached Addendum, which offers to lease to the City separate storage space in a building adjacent to the Maintenance Center. This two-part offer is described as follows:

- 1) The City would immediately lease the upper story of the two-story building across the parking lot from the Maintenance Center. This story contains 1,000 square feet of useable space and would be leased at the rate of \$900 per month. This is equal to the rent currently being paid to Public Storage for just 400 sq. ft. The City would gain – at no extra cost – the use of 600 additional square feet that could be used for current City storage needs or held in reserve mainly for items displaced from the Police Department

- 2) The City would lease an additional 850 square feet of space on the lower floor for \$600 per month beginning February 2006 and ending February 2009. The February 2006 intentionally coincides with the approximate starting date of Civic Center Rehabilitation project, while February 2009 coincides with the expiration date of the Maintenance Center's master lease.

It is estimated that the City will need at least 2 ½ years of storage before the Civic Center Rehabilitation is complete. Relocation costs, including storage, have been factored into the Rehabilitation project costs.

ANALYSIS

A decision to move out of the Public Storage space into a larger space at the same rent would not typically involve a decision by the City Council. However, because the proposed lease agreement from Mr. Zichichi requires the City to obligate additional funds for a specified period of time, a decision by Council is needed.

The need for future storage space is being driven by the Civic Center Rehabilitation project, which is slated to begin in the spring of 2006. As noted above, there will be a significantly increased need for storage, mainly for items displaced from the Police department when those offices are seismically retrofitted.

The length of commitment set forth in the proposed Addendum is structured to match the expiration of the master lease in February 2009. Thus, under this agreement the City would be obligated to lease the additional 850 square foot area for a period of three (3) years. It is estimated that this additional storage will be needed for about 2 ½ years while the Civic Center Rehabilitation project is being completed. Therefore, it is possible the City would be obligated to lease 850 square feet of space for a six-month time period when it is no longer needed. This cost equates to about \$ 3,600 (6 months at \$600/month).

Staff believes that it would be prudent to secure the space now, under this lease, for several reasons. In order to implement the Civic Center Rehabilitation project, it will be necessary to temporarily relocate the Police Department during construction. In addition, while staff will work closely with consultants to ensure that the construction time frame remains on schedule, it is possible that the additional storage needs may exceed the estimated 2 ½ years. Because of these factors, staff recommends that the Council authorize entering into this amended lease agreement.

FINANCIAL IMPACT

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| Current rent at Public Storage: | 400 s.f. X \$2.25 = \$900/month. |
| Proposed rent for 1,000 s.f. at Maintenance Center: | 1,000 s.f. X \$0.90 = \$900/month |
| Proposed rent for 850 s.f. at the Maintenance Center: | 850 s.f. X \$0.70 ≈ \$600/month |

The proposed 1,000 square foot storage is cost neutral to the City because the amount to be paid is the same as the current rent being paid to Public Storage. The proposed 850 square foot storage is a project cost associated with the Civic Center Rehabilitation project and is factored into the approved Capital Improvement Program cost allocated for that project. Therefore, approving this Addendum to the Maintenance Center lease would not affect the General Fund.

Attachments

Draft Resolution #05-14

Proposed Lease Addendum