



AUGUST 10, 2017

AGENDA ITEM # 12

OFFICE SPACE LEASE AGREEMENT – SHRA BUILDING

Action Requested: Authorize Executive Director

Key Staff: Norman Hom, Executive Director (Interim)

Recommendation

Authorize the Executive Director to execute a lease agreement and promissory note with the Sacramento Housing & Redevelopment Agency (SHRA) for STA office space at 801 12th Street.

Background Information

On April 13, the STA Governing Board declared its intent to relocate STA offices to a 2,000 square foot space in the SHRA Building at 801 12th Street upon the expiration of the current lease at 431 I Street on September 15. The declaration allowed SHRA to proceed with construction plans for the tenant improvements and public bidding.

The lease agreement was approved by the Sacramento Housing & Redevelopment Commission on August 2nd and is scheduled for the August 22nd meetings of the Sacramento City Council and the County Board of Supervisors. Tenant improvements will commence immediately after receiving the required approvals. Occupancy is now slated for November or December.

Discussion

The lease agreement's rental rate is \$1.50 per rentable square foot, with annual increases of \$0.05 per square foot. Tenant improvements in the amount of \$135,792 will be borne by the STA and amortized into the 10-year lease by way of a promissory note to be paid down in installments over the term of lease beginning in year 4. This arrangement saves the STA approximately \$32,000/year in rent over the current location in each of the first four years and \$20,000/year in years 4 through 10.

In September, STA staff will move into temporary cubicle space in the SHRA building while tenant improvements in the permanent space are underway. During construction, we will continue operations as normally as possible and appreciate your patience for any inconvenience or disruptions.

Attachments