



**Request for City Council Committee Action
From the Department of Public Works**

Date: April 19, 2005
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Referral to: Honorable Barbara Johnson, Chair, Ways and Means/Budget Committee

Subject: Approval of amendments to space lease agreements at Tri-Tech Building

Recommendation:

- a) That proper City officials be authorized to execute Amendment #1 to City Agreement 016349 providing for an additional five years City use of the Tri-Tech building (formerly Midland Square). This lease amendment shall commence April 1, 2005.
- b) That property City officials be authorized to execute Amendment #1 to City Agreement 016350 providing for an additional five years City use of the Tri-Tech building (formerly Midland Square). This amendment shall commence March 1, 2005.

Previous Directives: Council approved leases 016349 and 016350 on January 19, 2001

Prepared by: Greg Goeke, Facilities Manager, 673-2706

Approved by:

Klara A. Fabry, P.E., City Engineer, Director of Public Works

Presenters: Steven Kotke, Deputy Director of Public Works for Internal Services

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

The City leases two office spaces in the Tri-Tech Building (formerly known as the Midland Square Building). These leases have been in effect since 2001 and are with the same landlord, Midland Square, L.L.C.

The first lease is for 3228 square feet of 2nd floor space utilized by Business Information Systems (BIS) to house the City's Geographical Information Systems (GIS) office. Geographical Information Systems (GIS) services are utilized by City residents, other local

governments/agencies, and various City departments for property information and mapping services. The Tri-Tech facility and the 2nd floor space, which is on a skyway, provides for good access for the public and internal customers.

The second lease is for 4991 square feet on the 7th floor and is utilized by Business Information Systems (BIS) for application development teams. Application development teams are a combination of Business Information Systems (BIS) staff, customers, departmental representatives, contract staff, equipment/testing and conferencing space. The size and nature of the teams is dependant on the project. The overall space needs is dependant on the number of projects currently being developed and their overlapping schedules. Due to the nature of this space need, renting space offers the City flexibility in adding or reducing space based on the business and financial plans of the department and the City.

While the leases being proposed are for five years, they have termination provisions in the event that funding is reduced or eliminated. Negotiated lease terms offer a significant reduction in rent from the current \$23 per square foot to \$14 per square foot or approximately \$70,000 for 2005. Terms provide for a small escalation in base rent and some of the landlord's operating costs if such costs increase over a 2004 base. The language for both leases is fundamentally the same.

The lease amendments are for five years, the first lease commencing March 1, 2005 and the second on April 1, 2005. The five year cost for the 2nd floor space lease is anticipated to be an amount not-to-exceed \$242,112 which will be paid for from fund/agency/organization 6400-880-8810. The rental cost for the five year period for the 7th floor space is anticipated to be an amount not-to-exceed \$374,340 which will be paid from fund/agency/organization 6400-880-8810. Funds for both these leases have already been budgeted. These actions are consistent with our strategic space plan.