

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Jill Trompeter, 213-2072 (Ext. 2072)
Assistant to the City Manager for Real Estate
Date: October 12, 2011
Meeting Date: October 18, 2011



TITLE: Authorize the City to renew General Services Administration ("GSA"), located at the United States Geological Survey ("USGS") Campus.

RECOMMENDED ACTION: To approve GSA lease renewal.

ACTION SUMMARY:

- Policy Decision or Reason for Action:
 - Staff has received a request from General Service Administration to renew the USGS building #3 lease, located at the USGS Campus, on McMillian Mesa. The USGS has been leasing space from the City since the 1960's. This will extend the current lease until USGS is able to occupy their newly remodeled space.
 - Decision Points:
 - USGS has been leasing space from the City since the 1960's. The City and GSA will be entering into an additional lease for the newly constructed facilities at a future date. This renewal is for three years and will fill in the "gap" of time between the current lease and occupying a new or remodeled facility.
- Financial Impact:
 - There are no financial implications to the City. The City will be receiving rents in the amount of \$19.97 per square foot annually with an annual operating expense of \$6.31 per square foot, totaling \$26.28 per square foot annually. There will be no additional changes in lease terms.
- Connection to Council Goal: Effective governance
- Options:
 - Approve lease renewal
 - Deny lease renewal

Division Director (Acknowledgment that all reviews have been completed and required approvals initialed below.)

-ADDITIONAL INFORMATION:

Background/History: This lease has been in effect since the 1960's, and is requested for an additional year.

Key Considerations: Staff is currently discussing the timelines and construction of a new facility. This is required to make architectural adjustments for the remodel of the USGS Campus and may take from six months to a year.

Community Benefits and Considerations: Keep USGS in Flagstaff and generates over 200 high paying jobs.

Community Involvement: None

Financial Implications: None. The City will gain the added benefit of steady rent revenue..

Options and Alternatives: Approve lease renewal
Deny lease renewal

Attachments:

- Lease

INITIALS	RESPONSIBILITY	DATE	INITIALS	RESPONSIBILITY	DATE
_____	BIDS/PURCHASES	_____	_____	FINANCE/BUDGET	_____
_____	GRANTS	_____	_____	CONTRACTS	_____
<u>JRS</u>	LEGAL	<u>10/13/11</u>	_____	IGAS	_____

DATE OF COUNCIL APPROVAL: _____

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
SUPPLEMENTAL LEASE AGREEMENT

SUPPLEMENTAL
AGREEMENT No. 06

DATE

TO LEASE NO. GS-09B-94446

Address of Premises: **Building 3, 2255 North Gemini Drive, Flagstaff, Arizona**

THIS AGREEMENT, made and entered into this date by and between: **City of Flagstaff**

whose address is: **211 West Aspen Ave., Flagstaff, Arizona 86001**

hereinafter called the Lessor, and the UNITED STATES OF AMERICA, hereinafter called the Government:

WHEREAS, the parties hereto desire to amend the Lease to extend the term, establish termination rights, restate the rent, and establish a new base operating rental rate for the extended term.

NOW THEREFORE, the parties for the considerations hereinafter mentioned covenant and agree that the said Lease is amended, effective upon execution by the Government, as follows:

Paragraphs 2, 3, 4 & 7 are deleted in their entirety, and the following are substituted therefor.

"2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term extended to expire on December 31, 2012."

"3. The Government may terminate this lease in whole or part effective at any time after December 31, 2012, by giving at least 30 days notice in writing to the Lessor. No rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing."

"4. The Government shall pay the Lessor annual rent:

- a) December 1, 1996 – December 31, 2011: \$284,884.60 (\$17.21 per rentable square foot per annum) at the rate of \$23,740.38 per month in arrears.
- b) January 1, 2012 – December 31, 2014: \$330,472.44 (\$19.97 per rentable square foot per annum) at the rate of \$27,539.37 per month in arrears.

Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

City of Flagstaff
211 West Aspen Ave.
Flagstaff, AZ 86001

Rent amounts stated above are exclusive of any operating cost escalations provided under the lease."

-Continued on Sheet Number 1, attached hereto-

IN WITNESS WHEREOF, the parties subscribed their names as of the above date.

LESSOR: City of Flagstaff

BY _____ (Signature) _____ (Title)

IN THE PRESENCE OF (witnessed by:)

(Signature) _____ (Address)

UNITED STATES OF AMERICA

BY _____
Sue Dinquel, Contracting Officer
General Services Administration

"7. Pursuant to Paragraph 3.5 of Solicitation for Offers RCA 94446 entitled "Operating Costs", base operating costs are established at \$6.31 per rentable square foot."

All other terms and conditions of the lease shall remain in force and effect.

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Initials: _____ & _____
Lessor Government