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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
December 27, 1994

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EXECUTIVE SECRETARY

7-14

(Task Force to Review Office Space & Building Sites--Action)
(Engineering & Operations Committee--Action)
(Executive Committee--Action)
(Land Committee--Action)

To: Board of Directors
From: General Manager
Subject: Authorize the Lease of Sacramento Office Space, in an Amount Not To Exceed \$225,000 Annually, to Accommodate Metropolitan's Bay/Delta and Legislative Staffs

Report

To accommodate Metropolitan's Bay-Delta and Legislative staffs increased activities in Northern California, it is necessary to increase the District's leased office space in Sacramento. Specifically, additional space is needed for:

1. Up to seven Bay-Delta staff and consultants to
a) ensure successful implementation of the recent agreement on Bay-Delta standards; b) support the forthcoming long-term comprehensive ecosystem management planning process outlined in the State/Federal Framework Agreement; c) support the California Urban Water Agencies' Phase II Technical Workplan; and d) establish working relationships with state and federal resource and regulatory agency staff; and
2. The recently appointed Sacramento Legislative Office Management Fellow, and for visiting member agency staff and Board members.

Metropolitan's State Legislative Office, located at 1127 11th Street, has historically provided short-term accommodations for Metropolitan staff working in Sacramento, but the current space of approximately 1,475 rentable square feet (rsf) is inadequate to accommodate these increased activities. In addition, conference room space within the 11th Street suite is insufficient and potential expansion space within the building is not contiguous to existing

offices. Staff is recommending that both the Legislative and Bay-Delta staffs be centralized within a single suite to facilitate the sharing of amenities such as a conference room, library, kitchenette, storage area, as well as Local Area Network (LAN) facilities. Site selection criteria included a proximity of 1-2 blocks from the State Capitol Building (Capitol), the adequacy of space to accommodate both workgroups' staffs, as well as sufficient area to allow for limited expansion.

Staff further recommends the lease of approximately 7,100 rsf of space within the Senator Hotel Office Building (Senator), located at 1121 "L" Street, Suite 900. Staff investigations indicate that the Senator space is the only area available at this time which is located within close proximity to the Capitol and meets Metropolitan's square footage and contiguous space requirements as detailed above. Space for a large conference room, to be shared by both workgroups, is available at the Senator site.

Staff believes it can negotiate a 10-year lease with no monthly lease charges throughout the balance of Fiscal Year 1994-95, and a tenant improvement allowance of \$30/sf. All tenant improvements will be completed by the building owner, within the allowance, and are anticipated to require no additional cash outlay by Metropolitan. Funds for future monthly lease charges will be requested within Metropolitan's 1995-96 O&M budget. It is anticipated that the lease charges for the 1995-96 fiscal year will be approximately \$170,000, increasing to approximately \$225,000 annually by the tenth year.

Staff anticipates that the lease agreement will include an option at five years to vacate the space allocated for the Bay-Delta staff, should their presence in Sacramento no longer be required. Negotiations with the building owner are expected to be concluded in January 1995, with occupancy anticipated in May.

The current 11th Street lease will terminate on June 30, 1997. Metropolitan's remaining obligation under the terms of this lease will be approximately \$85,000 at the time the suite is vacated. It is staff's intention to minimize Metropolitan's carrying costs by subletting this space. Investigations have identified several potential sublessees.

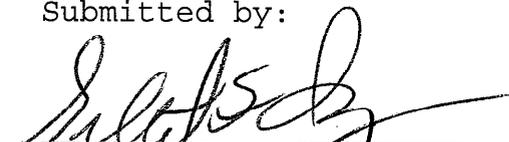
The action proposed herein is exempt from the provisions of the California Environmental Quality Act (CEQA) under section 15301 of the State CEQA Guidelines (Guidelines), since it involves minor alteration of an existing structure involving negligible or no expansion of use beyond that which has previously existed.

Recommendation

It is recommended that the Board of Directors authorize the General Manager to execute a Lease Agreement for approximately 7,100 rsf of space over a 10-year term, in a form to be approved by the General Counsel, with initial annual costs of \$170,000, escalating over a ten-year term to an amount not exceeding \$225,000, plus incidental expenses for required tenant improvements and materials and equipment necessary to accommodate the Sacramento-based Bay-Delta and Legislative staffs.

John R. Wodraska
General Manager

Submitted by:



Gilbert F. Ivey
Executive Assistant for
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Concur:



John R. Wodraska
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