

CITY COUNCIL AGENDA: DECEMBER 16, 2014

SCHEDULED MATTER

SUBJECT: AUTHORIZATION TO NEGOTIATE LEASE OF PROPERTY

SOURCE: COMMUNITY DEVELOPMENT DEPARTMENT

COMMENT: On July 15, 2014, City Council authorized the purchase of the property located at 298 North Main Street. The property, also known as Centennial Plaza, consists of 12,694 rentable square feet with eight leasable suites. The facility consists of two floors with suites one through four on the first floor and suites five through eight on the second floor. Suites two and three of the first floor are currently leased by Hoagie's Heroes sandwich shop with the remainder of the suites being vacant.

The Porterville Transit Division has expressed interest of entering into a three year lease for suite eight, which is the easterly portion of the second floor. Suite eight consists of 3,420 square feet of rentable area. In addition to suite eight, the Transit Division has expressed an interest in entering into a joint use agreement for suite seven. The Transit Division has proposed using the office and meeting space for both transit administrative and operational personnel.

Staff engaged Keith Hopper of Hopper Company Real Property Valuations to conduct a lease rate valuation. The valuation reported that the market lease rate for suite eight is \$4,100 per month. Porterville Transit has agreed to the appraised rate of \$4,100 per month and has requested a three year lump sum lease for a total upfront payment of \$147,600. As part of the joint use agreement, the Transit Division has agreed to fully furnish suite seven to create a community room and install the proper infrastructure to have Centennial Plaza connected to the City's data network.

The Transit Division is planning on using capital Federal financial assistance from Federal Transit Administration Section 5307 funding to fulfill the lease obligations. Code of Federal Regulations (CFR) Title 49, Part 639 sets forth the requirements to qualify for capital assistance when leasing facilities under Federal transit laws. If approved by the Council, the Transit Division will be required to obtain approval from Federal Transit Administration prior to receiving capital Federal financial assistance for the lease.

RECOMMENDATION: That the City Council authorize staff to negotiate the lease of suite eight and the joint use agreement of suite seven for Centennial Plaza located at 289 North Main Street.

ATTACHMENTS: 1. Centennial Plaza Floor Plan Level 1  
2. Centennial Plaza Floor Plan Level 2

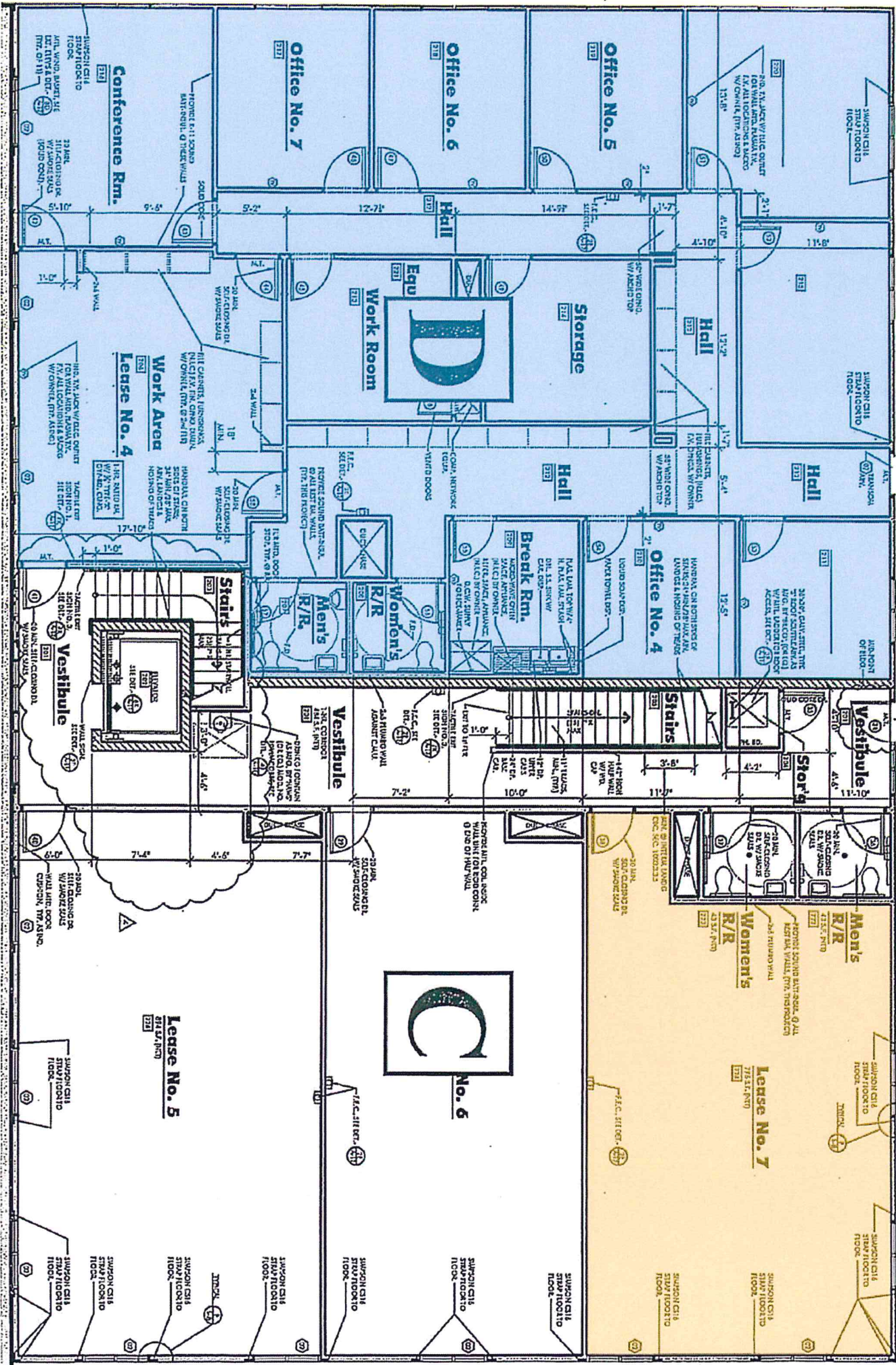
DD  Appropriated/Funded  CM 

Item No. 19



# Suite 8 - Proposed Lease

# Suite 7 - Joint Use Agreement



**ATTACHMENT**  
**ITEM NO**