

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** April 14, 2010

**TO:** Board of Commissioners

**FROM:** Bruce A. Warner, Executive Director

**SUBJECT:** Report Number 10-32  
Amendment to Existing Lease of PDC-Leased Property at 208 NW Fifth Avenue

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6782

#### ACTION SUMMARY

This action will approve an amendment to an existing lease of Portland Development Commission (PDC) leased property at 208 NW Fifth Avenue to extend the lease term for an additional fifteen (15) months through August 31, 2011.

PDC entered into a Commercial Lease Agreement with Kalberer Company for approximately 10,000 square feet of space located at 208 NW Fifth Avenue. The space is used for the storage of records, office furniture and office equipment. The leased premises are located on the second floor of the two-story building that is adjacent to the PDC administrative offices located at 222 NW Fifth Avenue. Access to the leased premises is from the second floor of the PDC administrative offices.

The original Lease Agreement commenced on June 01, 2005 and had an expiration date of May 30, 2010. The Lease has an option to renew provision and Kalberer Co. has agreed to extend the lease term through August 31, 2011 to coincide with the expiration date of the Lease Agreement for PDC's administrative offices.

PDC Resolution No. 5418 requires that leases for PDC office space shall be approved by the Board of Commissioners. The attached resolution would authorize extension of the Lease Agreement for one (1) year and three (3) months.

#### PUBLIC BENEFIT

PDC will be able to continue to store PDC files, office furniture and miscellaneous office equipment in the existing convenient location for an extended period of time.

**This action will support the following PDC goals:**

- Strong Economic Growth and Competitiveness
- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Effective Stewardship over our Resources and Operations, and Employee Investment

### **PUBLIC PARTICIPATION AND FEEDBACK**

Not applicable.

### **COMPLIANCE WITH ADOPTED PLANS AND POLICIES**

Not applicable.

### **FINANCIAL IMPACT**

The financial impact to PDC as a result of extending the lease agreement from June 01, 2010 through August 31, 2011 is a total lease payment obligation in the amount of \$14,850.00.

### **RISK ASSESSMENT**

Use of this space for storage of public records could put those records at continued risk due to the facility not meeting city standards for the maintenance of public records. PDC staff will take into consideration this issue when evaluating the potential relocation of PDC's offices or the renewal of our current office space lease agreement as of September 1, 2011 and will make our best efforts to work with Kalberer Company prior to the new lease expiration date to address these deficiencies.

### **WORK LOAD IMPACT**

Managing this agreement is already an element in existing staff work plans. No new staff will be necessary.

### **ALTERNATIVE ACTIONS**

If this action is not approved as submitted, staff could be directed to either renegotiate the lease extension for different terms, or secure a different location for storage of PDC property and records after June 30, 2010.

### **CONCURRENCE**

Not applicable.

## BACKGROUND

The purpose of the original lease agreement was to allow for the storage of PDC's records, office furniture and miscellaneous office equipment in a location that is adjacent to and readily accessible from PDC's administrative offices.

PDC (as "Lessee") entered into a lease agreement (the "Lease") with Kalberer Company (as "Lessor") on May 23, 2005 to lease approximately 10,000 square feet located on the second floor at 208 NW Fifth Avenue, Portland, Oregon 97209. The initial term of the Lease was from June 01, 2005 through May 30, 2010 and the Lessor has the option to renew the Lease for a term of one (1) year and two (2) months commencing on June 01, 2010 and ending at midnight on the 31<sup>st</sup> day of July, 2011 and at a lease rate of \$990.00 per month. The monthly rent schedule for the initial term of the Lease is as follows:

June 01, 2005 through June 30, 2005	No Charge
July 01, 2005 through June 30, 2006	\$750.00 per month
July 01, 2006 through June 30, 2007	\$790.00 per month
July 01, 2007 through June 30, 2008	\$830.00 per month
July 01, 2008 through June 30, 2009	\$875.00 per month
July 01, 2009 through June 30, 2010	\$920.00 per month

The agreed use of the Premises is for the storage of records, miscellaneous office furniture and miscellaneous office equipment.

PDC requested and received approval from the Lessor to exercise the option to renew and that the option term be extended for an additional three (3) months through August 31, 2011 at the same monthly lease rate of \$990.00. The approval of the Lease will coincide with the expiration date of the lease agreement for PDC's administrative offices located at 222 NW Fifth Avenue. Funds budgeted for these Lease obligations are included in the fiscal year 2010/2011 requested budget.

### ATTACHMENTS:

- A. DTWF URA Financial Summary
- B. Project Summary

**URA FINANCIAL SUMMARY**

Expenditures by Fund, by Department, Division and Center

FY 2009-10 FY 2010-11

General Fund (Includes Indirect Fund)

**Resources**

Beginning Fund Balance	4,391,671	1,305,399
City General Fund	6,354,352	6,291,091
Debt Proceeds	2,464,483	0
Fees and Charges	0	0
Interest on Investments	76,856	0
Loan Collections	20,000	0
Miscellaneous	295,500	167,500
Property Income	0	0
Reimbursements	50,000	0
Service Reimbursements	23,727,219	21,708,887
Transfers In	3,967,904	0

**Total Fund Resources 41,347,985 29,472,877**

**Requirements**

Department Expenditures

Central Services

Accounting & Payroll

Accounting	1,380,579	1,198,942
Payroll	79,692	78,551

**Accounting & Payroll Total 1,460,271 1,277,493**

Asset Management & Credit Admin

Credit Administration	178,582	171,302
Facilities Management	2,731,614	2,372,402
Loan Servicing	372,007	101,705
Real Estate	535,278	516,415
Risk Management	659,429	531,050
Safety/Emergency Ops	16,100	22,300

**Asset Management & Credit Admin Total 4,493,010 3,715,174**

Financial Planning

Debt Management	0	0
Financial Planning	603,054	602,289

**Financial Planning Total 603,054 602,289**

Information Technology

Application Dev and Support	781,030	686,838
Business Systems	1,015,323	837,336
Information Support Systems	2,569,533	2,137,561

**Information Technology Total 4,365,886 3,661,735**

Office of the CFO

Central Services Admin	276,358	277,408
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**Office of the CFO Total 276,358 277,408**

Sustainable Services

Construction and Environ Services	547,969	530,205
PDC Reception	66,215	66,082
Project Management Office	3,342,920	2,689,743
Records Management	428,020	367,521
Sustainable Services	657,965	506,821

**Sustainable Services Total 5,043,089 4,160,372**

**Central Services Total 16,241,668 13,694,471**

Executive

Communications & Business Equity

Board Support	180,981	174,136
Business Equity	90,308	0
Construction Services	168,066	0
Diversity	0	0
Prof Svcs Admin	0	0

**Expenditures by Fund, by Department, Division and Center**

	FY 2009-10	FY 2010-11
Professional Services	556,681	765,908
Public Affairs	1,094,215	732,707
Public Involvement	349,500	346,347
Social Equity	1,391,401	797,128
URA Plan Maintenance	557,264	331,479
<b>Communications &amp; Business Equity Total</b>	<b>4,388,416</b>	<b>3,147,705</b>
<b>Human Resources</b>		
Human Resources Admin	1,208,248	901,189
Labor Relations	129,000	114,000
<b>Human Resources Total</b>	<b>1,337,248</b>	<b>1,015,189</b>
<b>Legal</b>		
Legal Administration	1,479,466	1,115,963
<b>Legal Total</b>	<b>1,479,466</b>	<b>1,115,963</b>
<b>Office of Executive Director</b>		
Executive Administration	600,219	519,683
<b>Office of Executive Director Total</b>	<b>600,219</b>	<b>519,683</b>
<b>Executive Total</b>	<b>7,805,349</b>	<b>5,798,540</b>
<b>Non Departmental</b>		
<b>Debt</b>		
Debt Administration	500,000	500,000
<b>Debt Total</b>	<b>500,000</b>	<b>500,000</b>
<b>Housing</b>		
Asset Mgmt (from Housing)	0	0
Historical Housing	0	0
Housing	1,096,866	1,627,176
<b>Housing Total</b>	<b>1,096,866</b>	<b>1,627,176</b>
<b>Non Departmental Total</b>	<b>1,596,866</b>	<b>2,127,176</b>
<b>Urban Development</b>		
<b>Business and Industry</b>		
Business and Industry General	4,918,364	2,440,873
<b>Business and Industry Total</b>	<b>4,918,364</b>	<b>2,440,873</b>
<b>Central City</b>		
Central City Team General	296,242	54,962
<b>Central City Total</b>	<b>296,242</b>	<b>54,962</b>
<b>Neighborhood</b>		
Neighborhood Team General	715,329	830,149
<b>Neighborhood Total</b>	<b>715,329</b>	<b>830,149</b>
<b>Office of UDD Director</b>		
Directors Office	752,190	0
<b>Office of UDD Director Total</b>	<b>752,190</b>	<b>0</b>
<b>Program Investment</b>		
Program Investment	2,938,442	2,310,932
<b>Program Investment Total</b>	<b>2,938,442</b>	<b>2,310,932</b>
<b>UDD Conversion/Historical</b>		
Historical Dev	0	0
Historical Ec Dev	0	0
UDD Historical Other	0	0
<b>UDD Conversion/Historical Total</b>	<b>0</b>	<b>0</b>
<b>Urban Development Total</b>	<b>9,620,567</b>	<b>5,636,916</b>
<b>Department Expenditures Total</b>	<b>35,264,450</b>	<b>27,257,103</b>
Transfers - Indirect	650,583	1,476,210
<b>Total Fund Expenditures</b>	<b>35,915,033</b>	<b>28,733,313</b>
Contingency	2,507,983	739,564
Transfers Out	2,924,969	0

**Expenditures by Fund, by Department, Division and Center**

	<b>FY 2009-10</b>	<b>FY 2010-11</b>
Ending Fund Balance	0	0
<b>Total Requirements</b>	<b>41,347,985</b>	<b>29,472,877</b>

### PROJECT SUMMARY

**Project Name:** 208 NW Fifth Avenue Lease Extension  
**Description:** Commission approval of lease amendment  
**Location:** 208 NW Fifth Avenue, Portland, OR 97209  
**URA:** DTWF  
**Current Phase:** Not applicable  
**Next Milestone:** Not applicable  
**Completion Target:** May 30, 2010  
**Outcome:** Extension of lease agreement term through August 31, 2011  
**Site/Project Map:** Not applicable