SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-C**

FROM: Steve Mack, General Manager

Meeting Date: December 1, 2016

SUBJECT: EXPIRATION/EXTENSION OF OFFICE LEASE AT 17081 HWY 116, GUERNEVILLE

RECOMMENDED ACTION: Receive a presentation from the General Manager on the District office lease.

FISCAL IMPACT: none at this time.

DISCUSSION:

The District rents its office space at 17081 Hwy 116 from Ferrellgas, L.P. We have been at this location since 1999. In 2002 the District executed Addendum #1 which added warehouse space to the lease, and in 2011 the District executed Addendum #2 which extended the lease for three years at the same lease rate ($2250 per month) and included a provision that the lease could be extended for three additional years with 60 days notice. The three year extension included a provision that the rent can increase annually by the Consumer Price Index with a maximum of 2%. The District extended the lease in May 2014 and the current extended lease period is set to expire on July 31, 2017. Current rent is $2364.30.

Staff continually look around for alternative office spaces. The current location is convenient to staff for field and office operations and is convenient to our customers. The rent appears to be very reasonable, the terms of the lease are fair, and Ferrellgas is a good landlord, if somewhat distant these days. We have no idea of what their position might be on a new lease.