SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: May 1, 2014

SUBJECT: EXTENDING THE FERRELLGAS LEASE FOR THE OFFICE

RECOMMENDED ACTION: Approve Resolution 14-09 which authorizes the General Manager to send a letter to Ferrellgas, L.P., to extend the office lease for three years.

FISCAL IMPACT: Small increase in monthly rent.

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 includes a provision that the rent can increase annually by the Consumer Price Index with a maximum of 2% which at the current rent would be an increase of $45 per month. The current lease period is set to expire on July 31, 2014.

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.

Staff recommend approval of Resolution 14-09 which directs the General Manager to send the 60-day notice to Ferrellgas extending the lease for an additional three years.