



Legislation Text

File #: 23-134, Version: 1

Report Prepared by: Lt. Joey Perez, Police Department

SUBJECT: Approval of a Third Amendment to the Lease Agreement Between the City of Merced and Kaljian Family Revocable Trust for the Evidence Storage Facility at 450/460 Grogan Avenue

REPORT IN BRIEF

Considers approving the third amendment to the lease agreement exercising an option to extend the lease 5-years with a new lease rate for a $\pm 10,410$ square foot warehouse and ± 1.12 -acre yard for use by the Merced Police Department with the Kaljian Family Revocable Trust.

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving the Third Amendment to the Lease Agreement with the Kaljian Family Revocable Trust for the facility and yard at 460 Grogan Avenue extending the lease for five years with new lease rates; and,
- B. Authorizing the City Manager or Deputy City Manager to execute the necessary documents.

ALTERNATIVES

1. Approve, as recommended by staff, or,
2. Approve, subject to other than recommended by staff (identify specific findings and/or conditions amended to be addressed in the motion); or,
3. Deny; or,
4. Refer to staff for reconsideration of specific items (specific items to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Charter of the City of Merced, Section 200

CITY COUNCIL PRIORITIES

As provided for in the 2022-23 Adopted Budget

DISCUSSION

The City of Merced negotiated a 5-year Lease Renewal with the Kaljian Family Revocable Trust for a $\pm 10,410$ square foot warehouse and ± 1.12 acre storage yard on behalf of the Merced Police Department (Attachment 1). Currently, the Police Department are using the building and yard for evidence storage. The proposed lease renewal represents rent for the building and outdoor storage

area would be \$7,605.00 per month starting March 1, 2023. The monthly rent shall be adjusted annually on March 1st of each year, in accordance with the change in the State of California Consumer Price Index-All Urban Consumers (CPI). The annual rent adjustment increase shall not be less than three percent (3%) per year or greater than eight percent (8%) per year, regardless of the actual change in the CPI.

History and Past Actions

The original Lease Agreement for the subject facility and storage yard ran from May 1997 to May 2002 between the City and John Bankson. The Lease Agreement was assigned to the Kaljian Family Revocable Trust in June 1999 as a result of a land sale. The Lease was then extended for five years ending April 2007. Another lease extension followed ending in May 2011. The Police occupied the subject site on a month-to-month basis until 2013. Another Lease Agreement was executed from 2013 to 2018 and renewed to March of 2023. Now, the City of Merced desires to exercise the option for a 5-year extension.

Several tenant improvements were made during the term of the original lease to accommodate the variety of items stored. Security systems have also been installed to protect to items contained at the warehouse.

IMPACT ON CITY RESOURCES

The rent for the warehouse and storage yard is regularly budgeted and paid from the Fund 1000-General Fund of the Police Department Rents and Leases account.

ATTACHMENTS

1. Kaljian Lease Agreement 3rd Amendment
2. Kaljian Lease Agreement 2nd Amendment
3. Kaljian Lease Agreement 1st Amendment
4. Kaljian Original Lease Agreement