

COUNCIL ACTION FORM

SUBJECT: RENEWAL OF LEASE FOR INFORMATION TECHNOLOGY OFFICE SPACE AT 428 5TH STREET

BACKGROUND:

Due to space limitations within the City Hall building, the primary offices for the City of Ames Information Technology Division have been located in leased space at 428 5th Street (Red Cross Building) since City Hall moved to its current location. Turnkey Investments L.L.C. is the owner of the building at 428 5th Street and entered into a two-year lease with the City in October 2009. That lease was extended for an additional two years in October 2011. Notice of renewal is now required to exercise the option of another two-year lease under current terms.

Phase I of the City Hall remodeling project to make improvements to usage of space in that building is currently underway. Phase II of the City Hall remodeling project is expected to begin sometime after January 2014. Modifications will be made to the Police armory, and the Police locker room, administration space, and basement areas will be renovated. These modifications will allow Information Technology staff to move from the leased space to City Hall. Keeping Information Technology in the current leased space will provide some transitional space within City Hall during the remodeling project. Information Technology will move into City Hall at the end of the project. Though the City Hall remodeling has gone much slower than planned, progress is being made and it is fully expected that the leased space can be vacated after the two-year renewal.

ALTERNATIVES:

1. Approve the lease agreement with Turnkey Investments, L.L.C. for a 24-month period to provide office space for the Information Technology Division at a cost of \$1,515 per month, or \$18,180 per year. This amount is an increase of \$1,020 per year over the current lease.
2. Do not approve the lease.

MANAGER'S RECOMMENDED ACTION:

By approving the lease between the City of Ames and Turnkey Investments, L.L.C., the City will be fixing the cost and securing office space for the Information Technology Division for the next 24 months. It is expected that this lease will not have to be renewed in two years since adequate space should be available in the basement of City Hall to accommodate this division of the Finance Department.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the lease agreement with Turnkey Investments, L.L.C. for a 24-month period to provide office space for the Information Technology Division at a cost of \$1,515 per month, or \$18,180 per year.