

E Environment Committee
Meeting date: November 10, 2009

ADVISORY INFORMATION	
Date:	October 21, 2009
Subject:	Authorization to Extend the Lease for Metro 94 facilities
District(s), Member(s):	All
Policy/Legal Reference:	Policy 3.3 (Expenditures)
Staff Prepared/Presented:	Jason Willett 651-602-1196; Leo Hermes 651-602-4701
Division/Department:	MCES/Finance & EQA

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to execute an extension of the lease for use of Metro 94 facilities for MCES business use.

Background

MCES has since 1990 leased a building at the Metro 94 Business Center, 455 Etna Street, approximately 3 miles east of downtown St. Paul. The existing lease will expire on June 30, 2010. This space is used primarily by MCES' Industrial Waste and Pollution Prevention section (IW) but also as general conference space and for MCES' Air Quality section. The space constitutes 16,720 square feet of Office and Warehouse space. Parking is free which is important to customer service for the IW work, and to off-site staff and visitors attending meetings in the conference rooms.

The lease proposal we have received from the landlord is for 5 years, but with a no-cost option to terminate after 3 years. The base rent to be charged in the first 3 years is a 17% reduction from current rent and an 11% reduction in the 5th year. This base rent compares to market rates for this type of space in the area. Moreover, the landlord has agreed to a cap on the operating expenses, to replace the compressor units and heat exchanger units if and when they fail (in the prior lease we would have had to pay for this) and for some minor improvements (painting, carpet and tile repair).

Rationale

While MCES would like to retrofit old buildings within the Metro plant for this staff, much engineering work remains to be done on that space. The landlord for this space has been reasonable and this provides time to further analyze use of the Metro plant or other locations.

Funding

Rent for this space is provided in the anticipated MCES operating budget for 2010 and this proposal will be a reduction from the proposed budget.

Known Support / Opposition

None.