



Kensington Fire Protection District

Board of Directors
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Date: April 1, 2021

To: Marti Brown, General Manager
KPPCSD
217 Arlington Ave
Kensington CA 94707

From: Bill Hansell, General Manager
Kensington Fire Protection District
217 Arlington Ave
Kensington CA 94707
Email: bhansell@kensingtonfire.org

Re: Public Safety Building – Historical Lease Terms, Comps, Renovation Documents

Dear Marti:

Last month, you asked if I could provide potential lease rates for the KPPCSD should a shared occupancy option for the Public Safety Building be approved. At the time, I had not researched that and noted it would be a matter for the KFPD Board to consider once a more specific direction for the project was determined. That is still true but since then I have reviewed the lease history and believe that precedence would be the basis for a future agreement.

Attached are the leases from 1998, 2009, 2014, 2017, 2018, and 2020. The current 2020 lease is a month-to-month agreement that continues the terms of the 2018 agreement with monthly payments of \$3,025.25 which translates into roughly \$1.87/sf (re: attached existing net area calcs = 1,195sf PD use + 433sf Half Shared use = 1,628sf PD portion.) The 2017 lease amount was slightly less at \$2,955.67. It appears that the current rate is below market and unlike prior leases the basis of the fee was not codified in these instances.

I have been told that the 2014 lease was established due to a financial hardship plea from KPPCSD but otherwise the document itself does not explain the basis. The terms of the 1998 ten-year lease were based on the renovation project beginning at the time as you can see from the document and later explained in the attached March 2010 Kensington Outlook article. The fee was a combination of the KPPCSD share of the renovation paid over ten years and an annual maintenance fee with CPI increases. Apparently, the 2009 five-year lease amount was also determined by the amortized shared cost of the renovation project started that year.

Therefore, the lease period from 1999 to 2014 directly incorporated improvement costs until the exceptional change in 2014 just prior to discussions in 2015-16 about the renovation needs that are still under consideration. Last September, Interim General Manager Mary Morris-Mayorga included an estimate of the PSB renovation cost by Mack5, Construction Estimators and Managers, who have a long history with the building. In the 09/30/2020 KFPD Board packet, Mary provided info on the total renovation cost and calculations on the KPPCSD share. Those



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amounts ranged from \$8,026/mo to \$9,617/mo, although per my added notes those are amortized over much longer periods than the 10-year basis of the 1999 agreement. The impact on the KFPD budget would need to be analyzed further to see if that can be accommodated. Nevertheless, if those fees were used and the same area provided as calculated above (1,628sf) the fee range would be \$4.93/sf to \$5.91/sf. As you know, the most recent shared plan (Option G) reduces the PD area but the FD staff maintain that it still does not provide adequate room for current fire services needs due to the various code updates required and new fire-fighting standards. To that end, we understand similar points articulated by the PD staff about its space share, so please consider the figures here to be rough estimates.

I have attached Mary's outline which includes a "KFPD Projected Reserve Balances Including Project Cost Outflow" statement, some initial CSDA financing information sheets for partial funding in lieu of cash, the Mack5 "Preliminary Project Cost Report", and the Mack5 "Conceptual Cost Plan" for the renovation. Note that the latter was based on a different internal layout ("Option B" dated 06/01/2020) but the general scope and cost still applies.

In terms of market-rate comparisons, I understand from your March 11, 2021 presentation that the unimproved rental space at 303 Arlington Ave would cost \$5,300/mo (2,656sf @ \$1.99/sf) and, of course, KPD would incur no temporary facility expense there as would be the case with the shared building option (By the way, given the amount of space there, I wonder if KFPD could sublet a portion for its admin and storage needs during construction if a two-building solution is pursued.) In the Fall, Mary negotiated a possible lease for the KFPD admin offices at 289 Arlington Ave for \$2,935/mo for 1,175sf or \$2.49/sf. Looking online, I see other office comps in the \$2.75/sf to \$3.75sf range and assume those will hold or rise as the economy resets and improves. Construction costs are continuing to increase so I anticipate Mack5's project cost estimate and the resultant shared cost figures to be adjusted up accordingly.

I hope this helps fill in the info you need but please feel free to let me know if you have any questions. As you know, I am providing the above based on the records I have and my assumptions do not represent any policy approvals by the KFPD Board which would have to consider the matter(s) in future public meetings.

Sincerely,

A handwritten signature in black ink that reads "Bill Hansell". The signature is written in a cursive, flowing style.

Bill Hansell
General Manager