

# Office and Yard

## Options and Considerations

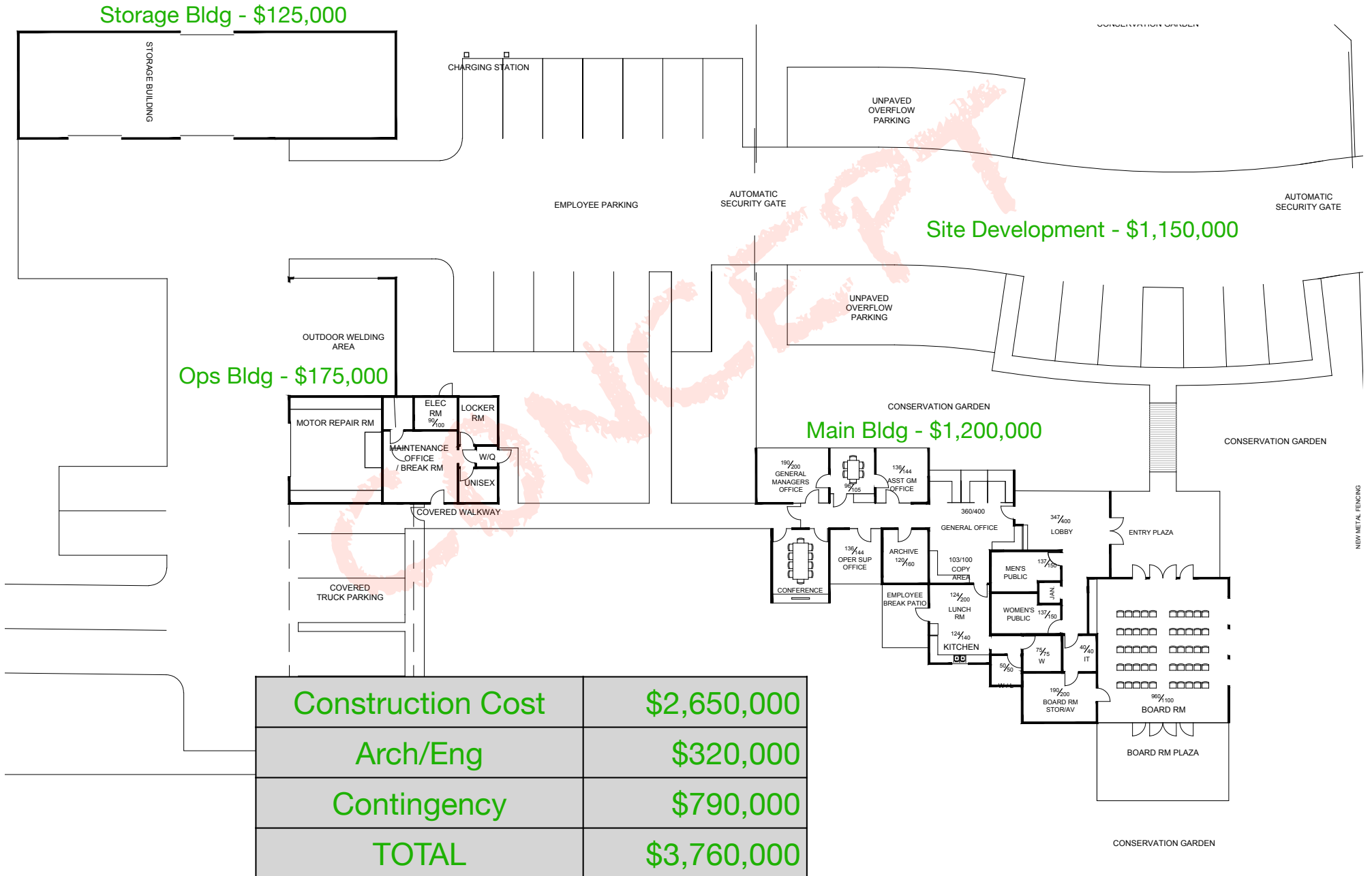


# **Do we build new or do we lease?**

## **What is the best value for San Antonio Water Company?**

- It has been suggested that the Company might save money by leasing property from the City of Upland.
- Today's objectives are:
  - Review monthly cost of building a new facility.
  - Review monthly cost of leasing a facility.
  - Review yet-to-be-resolved issues of leasing facilities from City of Upland.

# Where we left off...



# Comparison

## Monthly Cost of Build versus Lease

- Cost to Build

- New construction @ \$2.97M straight-line depreciated (no salvage value) over 120 years = \$2,060 / month.

- Cost to Lease

- Leasing office space of ~2,500 SF @ \$18 per SF / year = \$3,750 / month (Square Footage assumes shared common areas.)
- Leasing storage (internal and external) and yard space of ~ 9,000 SF @ \$2 per SF / year = \$1,500 / month
- Total estimated lease = \$5,250 / month, not including tenant improvements.

# Lease of City Facilities?

## Is there enough space?

- City conducted internal review and determined it does not have adequate facilities except for the possibility of Benson Avenue Public Works Department.
- Public Works Office Space is currently fully utilized, but reconfiguration may provide space for SAWCo staff. It would be cozy.
- There is sufficient yard space @ PW for yard storage and parking.
- We have not yet determined if there is enough space for small parts and equipment in current warehouse.

# Lease of City Facilities?

## Considerations other than available space:

- Cost?
  - Above ~\$2,000/month is a negative for the Company.
  - Below ~\$5,250/month is a negative for the City.
- Does the PW building meet current code requirements (seismic, ADA, etc.)?
- Who pays for tenant improvements?
- How are utilities / services handled?
- Maintenance of common areas?
- Public perception?
  - Company receiving favorable treatment by City. Gift of Public Funds?
  - City receiving favorable treatment by Company. Favoring one shareholder over the other ~650?
  - Concerned about funds moving from City's Water Enterprise Funds (water sales) through Company to the City General Fund (lease). Water Enterprise should not be funding City General Expenses.

# Discussion