



Community Investment Memo

October 2, 2019

TO: Rick Compau, Purchasing Section

Through: David McIntire, Community Investment Director

FROM: John Portillo, ParkFlag-Parking Manager

**RE: Sole Source: Commercial Office Lease, Hopi Tribe
Developmental Corporation**

ParkFlag currently leases a building at 120 N. Beaver Street. The Lessor revised the lease to reflect a month-to-month lease. The Lessor preferred the month-to-month lease in order to have the flexibility to vacate the office space for their needs. ParkFlag would prefer the stability of a longer-term lease as the Lessor could give notice and ParkFlag would have 60-days to vacate.

Available office space is limited in the downtown area of Flagstaff which meets the needs for ParkFlag operations. Office space for ParkFlag operations in the downtown area is essential for serving the public and for efficiency of operation for the Parking Aides to walk the jurisdiction of the parking district.

Critical factors for a ParkFlag location:

- Location on the interior of the ParkFlag Management Area
- Location supportive of efficient operations for customer service and enforcement patrols
- Compliance with the Americans with Disabilities Act requirements
- Size and configuration which supports the program and the co-location with the Downtown Business Alliance and potentially the Flagstaff Metropolitan Planning Organization.

- Safe entry and exit with adequate lighting for night shift security
- Reduced or equal overall cost as compared to the current location
- Security of tenure

ParkFlag has been researching available office space and has identified the property at 6 E. Aspen Ave, #200, Flagstaff, AZ 86001 as uniquely meeting the specific needs listed above and available for lease. Each item listed above will be addressed in more detail below.

As referenced briefly above, ParkFlag currently, and intentionally, shares office space with the Downtown Business Alliance (DBA) and values the partnership and efficiency developed since the inception of the parking program. The DBA performs a number of roles beneficial to ParkFlag and the co-location has been extremely helpful to the success of the program. ParkFlag is looking for office space that will allow that co-location to continue and is interested in also co-locating with the Flagstaff Metropolitan Planning Organization (FMPO). The City of Flagstaff is planning to sub-lease to the two organizations.

Property location and costs

The property identified is addressed 6 E. Aspen Ave, #200, Flagstaff, AZ 86001(Located at Heritage Square). The offices are a 2nd floor suite, approximately 2806 square feet, better known as Suite 200. There is elevator and stair access to the offices with an accessible entry to the elevator for those with disabilities.

The rent proposed is \$5,000/month. Hopi Corporation will accept this for year one, but there will be a 3% increase in year two, which will be held for year 3. The rent payment schedule would look like this:

YEAR	MONTHLY RENT	TAX*	MONTHLY TOTAL*
1	\$5,000.00	\$129.05	\$5,129.05
2	\$5,150.00	\$132.92	\$5,282.92
3	\$5,150.00	\$132.92	\$5,282.92

*Based on the current rate of 2.581% and subject to change.

For the Option to Extend, there would be another 3% increase in year 4, which will be held for year 5. The rent payment schedule during the Option to Extend would be as follows:

OPTION TO EXTEND

YEAR	MONTHLY RENT	TAX*	MONTHLY TOTAL*
4	\$5,304.50	\$136.91	\$5,441.41
5	\$5,304.50	\$136.91	\$5,441.41

*Based on the current rate of 2.581% and subject to change.

Costs for ParkFlag, Downtown Business Alliance and Flagstaff Metropolitan Planning Organization in the first year:

Total Rent: \$5129.05

Cost for each program:

ParkFlag= \$ 1914.53

DBA=\$1300.00

FMPO= \$1914.53

The rental payment includes the cost for most utilities and janitorial services which, after the partners cover the approximately \$140.00 for internet, results in a reduced overall cost to the program.

Additional Rationale

During the search for office space, the following attributes were identified:

- Location on the interior of the ParkFlag Management Area
 - The location at the corner of Leroux and Aspen is well within the boundaries of the ParkFlag Management Area. It is near some of the highest use areas and in the heart of the commercial corridor.
- Location supportive of efficient operations for customer service and enforcement patrols
 - The location provides more effective walking access to the critical enforcement areas and easy driving connectivity to the areas further south. The location should be more effective as a location than the current site.
- Compliance with the Americans with Disabilities Act requirements

- The location has elevator access and accessible office space. Many locations that were reviewed were not accessible.
- Size and configuration which supports the program and the co-location with the Downtown Business Alliance and potentially the Flagstaff Metropolitan Planning Organization.
 - The office space has been determined sufficient for effective operations and the co-location with essential partners
- Safe entry and exit with adequate lighting for night shift security
 - The location has sufficient light for customer and staff security during night operations
- Reduced or equal overall cost as compared to the current location
 - As demonstrated above, the cost to the program will be reduced if considered with the inclusion of utilities, janitorial services and other items essential to effective operations.
- Security of tenure
 - The owner has offered a 3-year lease which is considered excellent security of tenure for the program

Conclusion

The proposed location is unique in its ability to meet the requirements listed and addressed above. The location is centrally located in Heritage Square and well-lighted which improves safety for staff working nights. ParkFlag seeks terms in a lease which are longer than the current lease it is under and partnering with Downtown Business Alliance and Flagstaff Metropolitan Planning Organization will reduce costs. Review of available locations within the district found that all other locations had some area of concern for ParkFlag and did not meet all required conditions.