



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Katy Allen

**SUBJECT: APPROVAL OF A LEASE  
4 NORTH SECOND STREET**

**DATE:** 02-07-07

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Approved

*Katy Allen*

Date

*2/12/07*

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**COUNCIL DISTRICT:** Citywide

## RECOMMENDATION

Approval of a two-year lease with Legacy Partners I SJ North Second, LLC for 3,109 rentable square feet of office space for the Department of Transportation's Signal Central Traffic Management Center, on the 10<sup>th</sup> floor of 4 North Second Street in San José, at a cost of \$5,440.75 per month for the two year term of the lease.

## OUTCOME

By approving this lease agreement, Council authorizes the monthly rent and allows the Department of Transportation's Signal Central to remain in its current location for up to two years while a new center is being developed.

## BACKGROUND

Since 1990, the City has leased 14,786 usable / 17,096 rentable sq. ft. of office space on the 10th floor of 4 North Second Street known as suite 1000. The space was used to house the offices of the Department of Transportation including the City's Signal Central control room. When the Department of Transportation relocated to City Hall in July of 2005 the City entered into a new 18 month lease with Cornerstone Properties for suite 1025, the 3,109 square feet of space that housed the Signal Central Center. The building was sold to Legacy Partners I SJ North Second, LLC in 2006 subject to the existing leases. This lease expired on January 10, 2007. The City has remained in possession on a holdover basis pending approval of this agreement.

## ANALYSIS

Public Works Real Estate staff at the request of the Department of Transportation has negotiated a two-year lease, commencing January 11, 2007, for 3,109 square feet of rentable space at a rate of \$5,440.75 per month. The Signal Central Control Center is used to monitor traffic at key

locations and to adjust signal timing as necessary to facilitate traffic flow during both event and incident traffic coordination.

There are no new tenant improvements included in this lease. The new rent of \$5,440.75 per month represents an increase of 10 cents from \$1.65 to \$1.75 per sq. ft. per month. This rate is comparable to the rate charged for other similar properties in the downtown area.

The renewal of this lease is an interim measure to permit traffic signal central to continue to operate while the future plan to co-locate this function in the new emergency dispatch center is finalized and implemented. The lease contains language allowing for cancellation of this lease with ninety (90) days written notice.

### **POLICY ALTERNATIVES**

Not applicable.

### **PUBLIC OUTREACH/INTEREST**

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The approval of this agreement does not meet any of the criteria identified by the Sunshine Reforms Work Plan. This memorandum will be posted on the City's website for the February 27, 2007 Council agenda.

### **COORDINATION**

This item has been coordinated with the Department of Transportation. The City Attorney's Office has reviewed the agreement and approved it as to form.

### **FISCAL/POLICY ALIGNMENT**

This item is consistent with the General Budget Principles in that it protects a vital core city service.

**COST SUMMARY/IMPLICATION**

The total rent for the two-year term of this lease is \$130,578.00.

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	RC#	Total Appn.	Amt. For Contract	2006-2007 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
001	0572	Non Personal/ Equipment	000789	\$2,402,125	\$130,578*	VIII-108	10/17/2006 Ord. No. 27888

\*Note: This amount represents the full five year contract although the cost for the first year is \$65,289.00.

**CEQA**

CEQA: Not a project.

  
*for*

KATY ALLEN

Director, Public Works Department

For questions please contact PHILIP PRINCE, DEPUTY DIRECTOR, at 535-8300.