



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jose Obregon

SUBJECT: LEASE RENEW FOR THE
POLICE NCI UNIT

DATE: June 1, 2004

Approved

Date

RECOMMENDATION

Approval of a five-year lease agreement between the City of San Jose and James V. Simoni for the use of 8,500 square feet of space located at 2172 Forest Avenue also known as 498 O'Conner Drive at an initial monthly rent of \$12,750.00 per month for the first year of the lease, the monthly rent increases by \$250 annually to a high of \$13,750.00 per month during the final year of the lease.

BACKGROUND

The City of San José entered into a five-year agreement on December 16, 1998. The Lease was to commence upon the completion of tenant improvements necessary to accommodate the needs of the NCI Unit. A certificate of occupancy for the space was issued in June of 1999 and the City took possession of the property at that time with the Lease expiring May 31, 2004.

ANALYSIS

The current site has housed this operation for the past five years. The negotiated rent is comparable to similar properties in the surrounding rental market and reflects a reduction of \$619 per month from the rate previously charged under the lease.

The lease contains a provision that allows the City to terminate the agreement upon 60-days written notice at any time after the first 12 months of the lease.

PUBLIC OUTREACH

Not Applicable

COORDINATION

This memorandum has been coordinated with the City Manager's Budget Office and the Police Department. The City Attorney's Office has approved the agreement as to form.

COST IMPLICATIONS

The total rent during the five-year term of this agreement is \$795,000.00. This amount is \$177,923.00 less than the amount committed for this lease in the five year forecast. This action is consistent with the Council approved Budget Strategy memo: Expenditure Control Strategy Item 5.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC#	Total Appn.	Amt. For Contract	2004-2005 Proposed Budget Page	Last Budget Action (Date, Ord. No.)
001	0592	Non-Personal	000750	\$12,598,350	\$167,690	VII-585	2003-2004 Adopted Operating Budget Pg 281

CEQA

Not a project

JOSE OBREGON
Director of General Services