



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen

SUBJECT: LEASE RENEWAL FOR THE
POLICE NCI UNIT

DATE: 04-27-09

Approved

Date

5/13/09

COUNCIL DISTRICT: 3

RECOMMENDATION

- a) Approval of a five-year lease with James V. Simoni for the use of approximately 8,500 square feet of office space at an initial rate of \$13,000 per month for the first year of the lease increasing to \$13,750 per month in the final year of the lease.
- b) Adoption of a resolution authorizing the Director of Public Works to execute the office lease document.

OUTCOME

By approving this lease agreement, Council authorizes the monthly rent for the ongoing space needs for the Police NCI Unit.

BACKGROUND

The City of San José first leased the space in May 1999 and renewed the lease for that same location commencing June 1, 2004. The lease term of that agreement will expire on May 31, 2009. The monthly rental rate in the final year of that renewal period was \$13,750.

ANALYSIS

The current site has housed this operation for the past ten years. The negotiated rent is comparable to similar properties in the surrounding rental market and reflects a reduction of \$750 per month from the rate previously charged under the June 1, 2004 lease.

The initial lease term is for five years. The agreement contains language allowing for termination by the City by giving 60 days written notice. Lessor has agreed to replace the carpet with medium grade carpeting within ninety days of execution of the lease.

EVAULATION AND FOLLOW-UP

After the lease is signed, no follow-up action by the City Council is anticipated until the lease term expires and approval of a new lease is required.

POLICY ALTERNATIVES

There are currently no appropriate City-owned facilities available to relocate this Police unit.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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)**
- Criterion 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 above criteria; however, this memorandum will be posted on the City's website for the May 19, 2009, Council agenda.

COORDINATION

This item has been coordinated with the Police Department and the City Manager's Budget Office. 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

Rent for this agreement is \$156,000 the first year, \$159,000 the second year, \$162,000 the third year, \$162,000 the fourth year and \$165,000 the fifth year. The total rent for the five-year term of this lease is \$804,000. Payment on this lease is anticipated to begin in June 1, 2009. While the budget for this agreement is currently in the Public Works Department as indicated in the budget reference below, this funding is proposed to be moved to the General Services

Department in the 2009-2010 Proposed Operating Budget. Sufficient funding for the first year of this lease is available in this non-personal/equipment allocation.

BUDGET REFERENCE

Fund #	Appn #	Appropriation Name	Total Appn.	2008-2009 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
001	0572	Non Personal/ Equipment – Public Works	\$2,293,308	VIII-122	28506, 2/24/09

CEQA

CEQA: Not a project



KATY ALLEN
Director, Public Works Department

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