



Authorization to Amend Lease to Extend Term at 1717 E. Grant St., Suite 100, for Police Code Enforcement Unit (Ordinance S-44648)

Request to authorize the City Manager, or his designee, to amend Contract 123630 with Horseheads Industrial Capital II, LLC (Lessor), to extend the lease term for 89 months, commencing on Nov. 1, 2018. Further request authorization for the City Controller to disburse funds related to this item. Total rent for the first 12 months of the extended term including five months rent abatement is \$316,163.75, plus applicable taxes.

Summary

The Police Department is currently in the initial term of a 10-year lease, through Oct. 31, 2018, for approximately 23,565 square feet of space at 1717 E. Grant St., Suite 100, for operation of the Police Management Services Section for the Code Enforcement Unit. The Code Enforcement Unit seeks to continue its presence at this location long term. The Lessor has agreed to reduce the current rent by \$2.00 per square foot per year, and abate the first five months of rent. Annual rent for the full-service lease during the first year of the extended term will be \$23.00 per square foot per year, which is within the range of market rents as determined by the Finance Department's Real Estate Division. Rent will be increased at a flat rate of 50 cents at the beginning of each contract year during the extended term. Additionally, the amendment will provide for tenant improvements, mutually agreed to by City and Lessor, to be completed by the Lessor's contractor at Lessor's sole cost.

Contract Term

The contract will be amended to extend the term for 89 months commencing Nov. 1, 2018, and expiring March 31, 2026. The City retains the options of two additional five-year extensions as provided in the current contract.

Financial Impact

Total rent for the first 12 months of the extended term including five months rent abatement is \$316,163.75, plus applicable taxes. Funds are available in the Police Department's budget.

Concurrence/Previous Council Action

This contract was approved by Ordinance S-34829, adopted March 5, 2008.

Location

1717 E. Grant St., Suite 100

Council District: 8

Responsible Department

This item is submitted by City Manager Ed Zuercher, Assistant City Manager Milton Dohoney, Jr., and the Police and Finance departments.