

Agenda Report

DATE: July 14, 2003
TO: CITY COUNCIL
FROM: CYNTHIA J. KURTZ
SUBJECT: LEASE EXTENSION FOR THE TRANSPORTATION
DEPARTMENT AT 221 E. WALNUT STREET, SUITE 210

RECOMMENDATION:

It is recommended that the City Council approve the terms and conditions, as generally described below and authorize the City Manager to execute an extension to Lease No. 16,436 and any other documents necessary to carry out this transaction.

BACKGROUND:

On July 1, 1997 the City, as Lessee, and Park Center Limited Partnership, as Lessor, entered into a full service gross lease for the use of 4,757 square feet of office space by the Transportation Department at 221 E. Walnut Street, Suite 210. This Lease was for a term of three years with a three-year option to extend. The option was extended and the lease expires July 31, 2003.

The proposed Lease extension will continue the lease for three more years and contains an option for two additional one-year periods, which the City may terminate by giving 90 days notice. The rent is currently \$1.75 per square foot including pass through of increases in operating expenses over the base year. The extension agreement will lower the City's rent. The new terms and conditions are: 1) The new base rent is \$1.70 per square foot for the first year with increases in the second and third years based on the consumer price index, which is currently at 3% per annum; 2) the landlord will provide 12 parking spaces at no cost and the City may purchase up to 8 additional spaces at \$60 per space, which is market rate; 3) the agreement also requires the Lessor to completely repaint, replace vinyl tile and re-carpet the premises at his expense; 4) window treatment (shading) shall be provided on all Walnut Street facing windows by the landlord at no expense to the City; 5) the HVAC system will be adjusted or repaired at landlord's expense to provide the City's heating and

cooling needs to City's satisfaction throughout the lease term; and 5) the landlord shall provide a separate air conditioning unit that will maintain the City's communication room below 68 degrees at all times.

FISCAL IMPACT

The City will save over \$4,200 during the first year of the extension when comparing the existing lease rate to the proposed extension rate.


Respectfully Submitted,


CYNTHIA J. KURTZ
City Manager

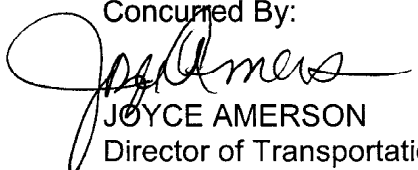
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Concurred By:


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