

Mayor and Council Communication

DATE: 11/28/23

M&C FILE NUMBER: M&C 23-1020

LOG NAME: 21HERTZ LEASE AMEND

SUBJECT

(CD 9) Authorize Execution of an Amendment to the Lease Agreement with The Hertz Corporation (City Secretary Contract No. 52485) to Include a Three-Year Term Extension with a Two-Year Renewal Option for Office Space and Parking Spaces at the Municipal Parking Garage Located at 917 Taylor Street at an Annual Rent of \$86,348.30 for Year One, and \$91,148.30 for Years Two and Three and Authorize Up to Two Parking Spaces to be Converted to Electric Vehicle Charging Stations at the Sole Cost and Expense of The Hertz Corporation

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of an amendment to the lease agreement with The Hertz Corporation (City Secretary Contract No. 52485) to include a three-year term extension beginning December 1, 2023, with an option to renew for one additional two-year term for the use of approximately 914 square feet of office space and up to 50 parking spaces at the Municipal Parking Garage located at 917 Taylor Street at an annual rent of \$86,348.30 for year one, and \$91,148.30 for years two and three; and
 2. Authorize up to 2 parking spaces to be converted to electric vehicle charging stations at the sole cost and expense of The Hertz Corporation.
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DISCUSSION:

The Hertz Corporation (Hertz) currently leases 914 square feet of office space, at \$20.95 per square foot, and 20 parking spaces, at \$120.00 per space, in the Municipal Parking Garage located at 917 Taylor Street for a car rental facility. The lease expires November 30, 2023, and staff recommends amending the existing lease. The term of the lease will be extended three years, beginning December 1, 2023 and ending November 30, 2026, with an option to renew for one additional two-year term through November 30, 2028 upon the City's receipt of a written notice from Hertz at least 90 days prior to November 30, 2026.

This lease amendment provides for the use of 914 square feet of office space at \$20.95 per square foot for an annual rent of \$19,148.30. This amendment also provides for use of 40 parking spaces, effective December 1, 2023, and 50 parking spaces, effective April 1, 2024, at \$120.00 per space for a total annual parking rent of \$67,200.00 for year one and \$72,000.00 for year two and three.

Six (6) of the parking spaces are located on level A of the first floor of the garage, thirty-one (31) of the parking spaces are located on the sixth floor of the garage, and three (3) spaces are located within a fenced area in the 900 block of Taylor Street. Effective April 1, 2024, ten (10) additional spaces will be designated for Hertz's use according to availability on such date. This lease amendment authorizes Hertz to convert up to two (2) of its designated parking spaces into electric vehicle charging stations at the sole cost and expense of Hertz.

Should Hertz exercise its renewal option, the rent for the office space will increase to \$23.00 per square foot and the rent per parking space will increase to \$130.00.

This lease is located in COUNCIL DISTRICT 9.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and execution of the amendment to the lease agreement, funds will be deposited into the Municipal Parking Fund. The Transportation and Public Works Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City.

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Additional Information Contact:

