


CITY COUNCIL ACTION REQUEST

Department(s): Environmental Services	CEQA: Mitigated Negative Declaration, PP09-138	Coordination: CAO, CMO-Budget	Dept. Approval: /s/ Kerrie Romanow
Council District(s): 3			CMO Approval:  524-18

SUBJECT: THIRD AMENDMENT TO THE SUBLEASE AGREEMENT WITH THE COUNTY OF SANTA CLARA FOR USE OF THE ENVIRONMENTAL INNOVATION CENTER AS A HOUSEHOLD HAZARDOUS WASTE COLLECTION FACILITY

RECOMMENDATION:

Approve the Third Amendment to the Sublease Agreement between the City of San José and the County of Santa Clara for the use of City-leased Property for the Household Hazardous Waste Collection Program.

BASIS FOR RECOMMENDATION:

The Environmental Innovation Center (EIC) is currently owned by the EIC QALICB Inc.; the City has a master lease with the EIC QALICB Inc., and subleases the EIC to three tenants: Habitat for Humanity, Prospect Silicon Valley, and the County of Santa Clara (County). On April 17, 2012, Council authorized the City Manager to execute an agreement with the County for the sublease of space at the EIC, located at 1608 Las Plumas Avenue, for the purpose of operating the household hazardous waste collection facility. On April 1, 2013, Council authorized the First Amendment to the Sublease Agreement to reflect a new delivery date of the leased premises to the County and to adjust the rent payment schedule. On June 2, 2015, Council authorized the Second Amendment to the Sublease Agreement to exercise the first option to extend the lease term from July 1, 2015 through June 30, 2018 as well as additional changes to the Sublease Agreement to clarify facility maintenance responsibilities, and time to vacate premise if Sublease is terminated.

Per the Sublease Agreement, the first option to extend the lease term expires on June 30, 2018. The County wishes to exercise the second of four options to extend the term of the Sublease through June 30, 2021. However, in consideration of this extension, the Amendment clarifies the utilities the City will pay for and provide to the County, and the City agrees to provide minor building improvements and operational items. Beginning July 1, 2018, the County's Annual Operations and Maintenance (O&M) payment will be suspended pending the City completion of the building improvements and operational items listed in the Amendment. However, these items are expected to be completed before the sublease start date of July 1, 2018 and staff does not anticipate the loss of this payment. If the items are completed sometime between July 1, 2018 and the next annual anniversary date on June 30, 2019, the O&M payment will be prorated. There are no changes to the County's rent fee amount or schedule as a result of this Amendment. The County approved the Amendment on May 10, 2018.

COST AND FUNDING SOURCE:

This Agreement ensures County proceeds for the sublease at approximately \$348,000 per year for three years to the Integrated Waste Management (IWM) Fund. As a one-time condition, building improvements of approximately \$65,000 will be funded by existing resources in the Household Hazardous Waste Las Plumas Facility appropriation in the IWM Fund.

FOR QUESTIONS CONTACT: Shikha Gupta, Interim Deputy Director, at (408) 975-2520.