



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 01/16/2024

ITEM NO: 10

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DATE: January 11, 2024  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Negotiate and Execute a Fifth Amendment to a Parking Lot Lease with Frontier California Inc. (formerly Verizon), in Substantially the Form Presented, to Extend the Lease for an Additional Five Years in an Amount Not to Exceed \$363,146 Over Those Five Years

**RECOMMENDATION:**

Authorize the Town Manager to negotiate and execute a fifth Amendment to a parking lot lease with Frontier California Inc. (formerly Verizon), in substantially the form presented, to extend the lease for an additional five years in an amount not to exceed \$363,146 over those five years (Attachment 1).

**BACKGROUND:**

The Town currently leases approximately 61 parking spaces located at 15 Montebello Way from Frontier California Inc. (formerly Verizon). Approximately 35 parking spaces are subleased to the Los Gatos Post Office and offsets some the Town's leasing costs. The remaining spaces are used to provide public parking.

The original lease was executed in May 2002 for a 15-year period with the following monthly lease amounts:

	Monthly Lease
Years 1-5	\$4,345.84
Years 6-10	\$4,997.71
Years 11-15	\$5,747.36

A first amendment was executed in March 2003 with no changes to the lease amount, and the primary purpose was to allow the Town to sub-lease parking spaces.

**PREPARED BY:** Katy Nomura  
Assistant Town Manager

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Reviewed by: Town Manager, Town Attorney, and Finance Director

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SUBJECT: Frontier Parking Lot Lease

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BACKGROUND (continued):

A second amendment was executed in October 2006 with the following changes to the monthly lease amounts:

	Monthly Lease
5/1/04 - 10/31/06	\$4,345.84
11/1/06 - 4/30/09	\$3,917.38
5/1/09 - 4/30/14	\$4,504.98
5/1/14 - 4/30/19	\$5,180.72

A third amendment was executed in November 2009 with the following changes to the monthly lease amounts:

	Monthly Lease
12/1/09 - 4/30/14	\$4,293.81
5/1/14 - 4/30/19	\$4,937.87

A fourth amendment was executed in July 2018 to exercise an option to a 5-year lease extension which was included in the original agreement from 2002. Exercising this option resulted in the following changes to the monthly lease amounts:

	Monthly Lease
5/1/19 – 4/30/24	\$5,700

DISCUSSION:

The current lease expires on April 30, 2024 and would need to be extended in order for the Town to continue leasing the parking spaces. This amendment would extend the lease for an additional five years from May 1, 2024 to April 30, 2029. The annual rental amount would be \$68,400 per year (\$5,700 monthly) with a 3% annual increase over the term. This would result in approximately the following rate schedule:

	Annually	Monthly
Year 1	\$68,400	\$5,700
Year 2	\$70,452	\$5,871
Year 3	\$72,566	\$6,047
Year 4	\$74,743	\$6,229
Year 5	\$76,985	\$6,415

The total leasing costs over the additional five years would be \$363,146. All other terms and conditions of the lease would remain the same.

PAGE 3 OF 3

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CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager to negotiate and execute a fifth Amendment to the parking lot lease with Frontier California Inc. (formerly Verizon) to extend the lease for an additional five years with an amount not to exceed \$363,146 over those five years (Attachment 1).

COORDINATION:

This staff report was coordinated with the Town Manager, Town Attorney, and Finance Director.

FISCAL IMPACT:

There are sufficient funds budgeted for this amendment through the 1201-62521 Program Budget.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachment:

1. Fifth Amendment
2. Prior Amendments and Original Lease Agreement