



## COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

### SUMMARY REPORT

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**Agenda Date:** 5/21/2024

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**To:** Sonoma County Board of Supervisors

**Department or Agency Name(s):** Public Infrastructure / Economic Development Board

**Staff Name and Phone Number:** Johannes J. Hoevertsz-SPI, 707-565-2550 / Ethan Brown-ED, 707-565-7589

**Vote Requirement:** Majority

**Supervisory District(s):** Fifth

**Title:**

Lease Amendment for Economic Development Board, 141 Stony Circle, Santa Rosa

**Recommended Action:**

- A) Authorize the Director of Sonoma County Public Infrastructure to execute a lease amendment, in form substantially as attached hereto, and as approved by County Counsel, with North Bay Realty Holdings, LLC, for real property located at 141 Stony Circle, Santa Rosa, to among other things: 1) extend the term through October 6, 2029, and provide an option to further extend the term through October 6, 2032; and 2) reduce the premises and revise the rent to \$9,157.90 per month, subject to 3% annual increases; and
- B) Authorize the Director of Sonoma County Public Infrastructure to exercise the Lease extension option and to negotiate and execute any instruments related thereto, including with regard to option term rent as set forth in the Lease, in form approved by County Counsel and contingent on availability of sufficient funding for the extension.

(Fifth District)

**Executive Summary:**

The Sonoma County Public Infrastructure Department (SPI) is requesting authorization to execute a lease amendment to reduce leased space and an extension of the term for the lease between North Bay Realty Holdings, LLC (Landlord) and the County, for office space located at 141 Stony Circle in Santa Rosa (Premises). The County's Economic Development Board (EDB) has occupied the Premises since August 2013, housing the EDB, the Creative Sonoma Program, Business Assistance and Research Services, and Special Projects (broadband, regional economic development partnerships, etc.). Annual rent is currently \$159,418 and the new annual rent will be \$109,895.

**Discussion:**

This item seeks Board authorization to extend the lease between North Bay Realty Holdings, LLC (Landlord) and the County for office space located at 141 Stony Circle in Santa Rosa (Premises), which EDB has leased since August of 2013. The term of the existing lease expires on October 6, 2024.

Currently, EDB leases approx. 7,134 sq. ft. of office space at the location, for EDB staff of 16 employees. Over the last several years, EDB has had a significant reduction in the number of extra-help staff primarily due to the loss of outside funding for the programs they supported. In addition, consistent with the County's 4.13

Telework Policy which includes shared space adaptations, staff have been working on site and/or remotely since mid-March 2020 as a result of the Covid-19 pandemic.

<https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/human-resources/employee-resources/administrative-policy-manual/administration>

Daily in-office staffing levels were reduced by having a hybrid of in-person and telework for service delivery. As such, the EDB no longer requires the full space provided under the current Lease.

**Proposed Lease Amendment.** The terms for the proposed amendment are as follows:

- Premises: 5,387 sq. ft., reduced from 7,134 sq. ft., located at 141 Stony Circle, Santa Rosa and include Suites 110 and 120 and Room 14 (which houses IT-server utilities).
- Term: Lease term is extended through October 6, 2029, with one, 3-year option to further extend the lease through October 6, 2032.
- Rent: \$9,157.90 per month (\$1.70 per sq. ft.) through October 6, 2025, subject to 3% annual increases. The \$1.70 per sq. ft. rental rate is at market rate, which is between \$1.56 - \$1.95 per sq. ft. for comparable office space for lease, within a 1-mile radius of the subject property.
- Tenant Improvements:  
The Landlord, at Landlord's sole cost and expense, will change out the door lock assemblage between Suites 120 and 130.
- Right of Expansion:  
County will have a first right of expansion into Suite 130, if the suite becomes available, to lease at the same lease terms and rent as the current Premises.
- Termination: County may terminate the lease, if funding for the Premises or program is significantly reduced or withdrawn, to relocate to the future County Government Center, or for any reason, with 90 days' prior written notice to the Landlord.

**Funding:** Funding for the lease rent cost is paid through EDB's operating budget, which predominately is funded with the Community Investment Funds (Transient Occupancy Tax).

**Procedural Authority.** Government Code Section 25350 requires two (2) Board actions, which includes publication of a notice of intent, for the County to lease real property as tenant, and where the lease agreement is valued at more than \$50,000. The notice of intent for this lease transaction has been published for the required notice period pursuant to the Board's action on April 30, 2024, and in accordance with the Government Code.

**Strategic Plan:**  
N/A.

**Racial Equity:****Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**04/30/24 – Declared intent to enter into the proposed 5<sup>th</sup> Amendment to lease12/07/21 – Authorized General Services Director to execute 4<sup>th</sup> Amendment

11/02/21—Declared intent to enter into 4th Amendment to lease

03/03/21—Authorized General Services Director to execute 3rd Amendment

02/09/21—Declared intent to enter into 3rd Amendment to lease

11/14/14—Authorized General Services Director to execute 1st Amendment

10/21/14—Declared intent to enter into 1st Amendment to lease

07/30/13—Authorized General Services Director to execute lease

06/25/13—Declared intent to enter into lease with Madalyn, LLC

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 23-24 Adopted</b>	<b>FY 24-25 Projected</b>	<b>FY 25-26 Projected</b>
Budgeted Expenses		\$109,895	\$112,494
Additional Appropriation Requested			
<b>Total Expenditures</b>		<b>\$109,895</b>	<b>\$112,494</b>
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other – Transient Occupancy tax		\$109,895	\$112,494
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>		<b>\$109,895</b>	<b>\$112,494</b>

**Narrative Explanation of Fiscal Impacts:**

If approved, the terms of this lease agreement will become effective July 1, 2024. Appropriations are included in the FY24-25 Economic Development Board (11015-1901400) Recommended Budget and will be included in future budget requests.

**Narrative Explanation of Staffing Impacts (If Required):**

None.

**Attachments:**

1 – Site Plan

2 – Copy of Proposed Lease Amendment

**Related Items “On File” with the Clerk of the Board:**

None.