



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 4/30/2024

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-EDB, 707-565-7589

Vote Requirement: Majority

Supervisorial District(s): Fifth

Title:

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

Recommended Action:

Authorize the Clerk to publish a notice, declaring the Board's intention to execute a proposed lease amendment 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.

(Fifth District)

Executive Summary:

This matter involves the reduction of 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 leased 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.).

Discussion:

This item seeks Board consideration of a proposed extension of 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's leased premises comprises approx. 7,134 sq. ft. of office space, for EDB staff of 16 employees. Over the last several years, EDB has had a significant reduction in the number of extra-help staff. In addition, staff have been teleworking since mid-March 2020 as a result of the Covid-19 pandemic. 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, 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 the Community Investment Fund (Transient Occupancy Tax), which is the primary funding source for EDB's operating budget.

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 the lease agreement is valued at more than \$50,000. If your Board takes the requested action, this matter will return to the Board on or after May 21, 2024, for consideration and consummation of the proposed lease amendment in line 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:

- 12/07/21 – Authorized General Services Director to execute 4th 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

Expenditures	FY 23-24 Adopted	FY 24-25 Projected	FY 25-26 Projected
Budgeted Expenses	\$26,570	\$109,895	\$112,494
Additional Appropriation Requested			
Total Expenditures	\$26,570	\$109,895	\$112,494
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other: Transient Occupancy Tax	\$26,570	\$109,895	\$112,494
Use of Fund Balance			
Contingencies			
Total Sources	\$26,570	\$109,895	\$112,494

Narrative Explanation of Fiscal Impacts:

The above impacts represent annual lease rent for the Premises, for FY23-24, FY24-25 and FY25-26. Monthly rent is reduced effective July 1, 2024, as a result of the reduced Premises.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

- 1 – Notice of Intent
- 2 – Site Plan
- 3 – Copy of Proposed Lease Amendment

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

None.