



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 6/2/2026

To: Board of Supervisors

Department or Agency Name(s): Sonoma County Public Infrastructure

Staff Name and Phone Number: Johannes J. Hoevertsz, 707-565-2550

Vote Requirement: 4/5th

Supervisorial District(s): Fourth

Title:

Funding Agreement for Improvements and Office Lease for 450 West 2nd St., Cloverdale

Recommended Action:

- A) Authorize the Director of Sonoma Public Infrastructure to execute a funding agreement with the City of Cloverdale in the amount of \$333,000 for improvement of the building at 450 West 2nd Street, Cloverdale in form approved by County Counsel.
- B) Authorize Clerk of the Board to publish a notice declaring the Board's intent to enter into a lease agreement with the City of Cloverdale for use of office space in improved building at 450 West 2nd Street, Cloverdale for 30 years with two 5-year extensions, for no monetary rent, in form approved by County Counsel.
- C) Adopt a Resolution authorizing budgetary adjustments to the fiscal year 2025-2026 adopted budget, increasing appropriations in the amount of \$333,000 to fund a lease agreement with the City of Cloverdale. (4/5th Vote)

Executive Summary:

The County of Sonoma is requesting authority to execute a funding agreement with the City of Cloverdale ("City") for payment of \$333,000, for the express purpose of improving and modernizing the facility located at 450 West 2nd Street, Cloverdale. The City owns that certain real property located at 450 West 2nd Street, Cloverdale (APN 001-051-023) on which is located a building containing +/- 2,700 square ft. built in the 1940's known as the Scout's Hut (Building). This funding is intended to ensure the Building meets the operational standards required for the City of Cloverdale and for the County to occupy new office space within the improved building. The release of these funds is conditioned upon the execution of a long-term lease agreement providing a County leasehold for 30 years in the improved Building. Furthermore, this request includes authorization to provide the funds as an up-front payment to ensure the City has the necessary liquidity to initiate the project without delay.

Discussion:

The City desires to improve the Building making renovations to the bathroom, kitchen, HVAC and electrical systems among other actions. The County will contribute \$333,000 (the "Funding") for the renovation of the Building which will be used for general recreational purposes and has provided that County and its elected

officials may use of a portion of the renovated building for governmental and office purposes. The improved Building also benefits the general public by providing improved access to government services and recreational program enhancements.

City shall provide the balance of costs necessary to complete renovations which total cost is estimated at approximately \$1 million. The Building is centrally located in the heart of Cloverdale and sits within the historic 2nd Street City Park, a community focal point that provides a wide range of recreational amenities including basketball and volleyball courts, a large playground structure, baseball and soccer fields, and restrooms. The City has received architectural drawings for the renovation and will proceed with procurement processes to hire construction contractors this summer with the work scheduled to commence later in 2026 and conclude in 2027.

As such, the Building has been identified as a strategic location for City of Cloverdale and a District 4 satellite office space. As a condition to the Funding, the County will be granted a no-rent lease of approximately 150 sq. ft. of office space in the Building. The current state of the facility requires significant structural and interior improvements, including electrical systems, HVAC, ADA compliance, and roof repair before occupancy can occur.

The proposed Funding Agreement and Lease Agreement ensure a long-term commitment between the County and the City, whereby the County secures a long-term location for needed supervisorial office space and provision of government services while simultaneously improving a public asset. The lease terms will include that the County shall not be obligated to pay monetary rent during the 30-year lease term and the City shall perform all maintenance and repairs.

Typically, grant or project funding is provided on a reimbursement basis. However, due to the immediate need for these improvements and the City's current capital constraints, staff recommends providing the total Funding up-front, prior to commencement of construction to the City upon acceptable invoice of projected costs for tasks in the work plan approved by County.

SPI seeks authorization to enter into a funding agreement ("Funding Agreement") with City of Cloverdale containing substantially the following terms:

- County to pay City the amount of \$333,000 for City's use in improving the Building upon receipt of an invoice from City;
- Payment of the Funding to occur prior to construction;
- City to hire architects, engineers, and contractors as necessary to complete the renovation work;
- City to provide County a Work Plan describing the work and tasks associated with the improvement of the Building including the office space for use by County supervisorial staff;
- City to conduct procurement and competitive bidding processes for the work consistent with the Public Contract Code;
- Execution of the Lease Agreement is a pre-condition to release of Funding;
- To mitigate the risk of project abandonment or non-performance, the agreement includes a default event requiring the immediate repayment of Funding if the City does not complete all

renovations, obtain a Certificate of Occupancy, and make the leased premises available to County by January 1, 2028.

SPI also seeks authorization to enter into a lease agreement (“Lease Agreement”) with City of Cloverdale containing substantially the following terms:

- City, as Landlord, will complete improvements of the Building including new renovated office space for use by the County measuring approximately 10 ft by 15 ft with separate entrance;
- Initial lease term is 30 years with two 5-year extension options;
- Lease term to commence upon completion of Building renovations;
- No rent payable by County;
- City pays all utilities; City performs and pays for all maintenance, repair and janitorial;
- County, as Tenant, is responsible for its interior furnishings and equipment; and
- County may terminate without cause in its sole discretion.

Strategic Plan:

N/A

Racial Equity:

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

No

Procedural Authority:

Government Code Section 25350 authorizes the Board to approve leases exceeding a 5-year term and a total transaction value exceeding \$50,000 upon the publication of a Notice of Intent to lease for three successive weeks. Staff will return after the publication period to consummate and seek approval of the Lease Agreement.

Prior Board Actions:

None.

FISCAL SUMMARY

	FY 25-26 Adopted	FY 26-27 Projected	FY 27-28 Projected
Expenditures			
Budgeted Expenses			
Additional Appropriation Requested		\$333,000	
Total Expenditures		\$333,000	
Funding Sources			
General Fund/WA GF			

State/Federal			
Fees/Other			
Use of Fund Balance		\$333,000	
Contingencies			
Total Sources		\$333,000	

Narrative Explanation of Fiscal Impacts:

The total \$333,000 is a one-time expenditure from the District 4 Supervisorial annual allocation for district satellite offices from the County Modernization Fund (23027-40803600). Additional appropriations will be requested during Fiscal Year 2026-2027 1st Quarter Consolidated Budget Adjustments.

The risk of the up-front payment is mitigated by the claw back provisions detailed above. Should the City fail to meet the January 1, 2028, deadline or the lease requirement, the returned funds will be credited back to the County to be reprogrammed for other capital needs.

Narrative Explanation of Staffing Impacts (If Required):

No staffing impacts

Attachments:

- 1 – Proposed Funding Agreement with City of Cloverdale
- 2 – Proposed Lease Agreement with City of Cloverdale
- 3 – Notice of Intent to Enter Lease Agreement at 450 W. 2nd Street, Cloverdale
- 4 – Budget Resolution

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

None