



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 3/21/2023

To: Sonoma County Board of Supervisors

Department or Agency Name(s): Public Infrastructure; Community Development Commission

Staff Name and Phone Number: Johannes J. Hoevertsz-SPI, 707-565-2550; Rhonda Coffman-CDC, 707-565-7542

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Fourth Lease Amendment for Community Development Commission Premises at 1440 Guerneville Road, Bldg. F, Santa Rosa

Recommended Action:

Authorize the Director of Sonoma Public Infrastructure to execute a lease amendment on behalf of the County with Coddling Enterprises LP, as lessor, for 12,931 s.f. of office space at 1440 Guerneville Rd., Building F, Santa Rosa for the Community Development Commission to provide for an extension of the lease term commencing June 1, 2023 and expiring May 31, 2024, with monthly rent of \$17,484.00 (\$1.86/ s.f.) for the "primary space" containing 9,400 square feet and \$2,577.63 (\$.73/s.f.) for the "surrender space" containing 3,531 square feet, for a total monthly rent of \$20,061.63.

Executive Summary:

The Director of Sonoma Public Infrastructure (SPI), in consultation with the Community Development Commission (CDC), requests that the Board authorize the Director of SPI to execute an amendment to a lease at 1440 Guerneville Road, Building F, Santa Rosa, consisting of 12,931 rentable square feet and occupied by CDC. The proposed Amendment will provide the CDC with an extension of lease term for one (1) year with monthly rent payable of (i) \$17,484.00 for the "primary space" containing 9,400 s.f.; and (ii) \$2,577.63 for the "surrender space" containing 3,531 s.f. The Amendment further supports the Board's strategic pillar of Resilient Infrastructure by enabling CDC to continue to occupy a premises necessary for their operational needs at a fair rent acceptable to the Department.

Discussion:

The premises is occupied by the Community Development Commission (CDC) to operate its programs including rental assistance, ending homelessness and housing and neighborhood investments.

The existing lease is set to expire May 31, 2023. The CDC, supported by the Sonoma County Public Infrastructure, initiated lease extension discussions with the premises' Landlord in December 2022, to obtain a shorter lease extension than currently provided in the parties' lease. CDC prefers a one-year extension of the

term in order to assess whether a relocation of the department to a new premises is advised, which assessment is likely to occur under the anticipated hiring of a new permanent director of CDC. Since execution of the original lease for the premises in 1992, there have been three prior amendments in 1996, 1999 and 2013. Those prior lease amendments adjusted the parties' rights in various ways, including the following: reset monthly rent during the term and extension terms; extended or provided County with additional options to extend the term; required the lessor to perform certain HVAC work; provided lessor the option (which option has not yet been exercised) to take back certain areas described in the Third Amendment as "surrender space" which reduced the rent payable by CDC on that space; modified the parties' rights concerning damage to the premises and rights to terminate the lease in the event of loss and obligations to carry insurance; modified and clarified lessor's obligation to maintain the premises; modified the parties' indemnification obligation to each other; modified and clarified CDC parking rights and reserved spaces; and other changes affecting other various business and legal terms.

Lease Amendment. The proposed Fourth Lease Amendment between Coddling Enterprises LP, as Landlord, and the County of Sonoma, as Lessee, contains the following key provisions:

1. A one (1) year extension of the lease term, commencing June 1, 2023, and expiring May 31, 2024 (County has no other rights to extend the term beyond May 31, 2024);
2. Monthly rent is \$17,484.00 (\$1.86/s.f./month), for the "Primary Space" containing 9,400 s.f.;
3. Monthly rent is \$2,577.63 (\$.73/s.f./month), for the "Surrender Space" containing 3,531 s.f.; and
4. County has the right to terminate the Lease for any or no reason upon 90 days' prior written notice.

Project Costs and Construction Schedule. None.

Public Notice Requirement. Government Code Section 25350 requires the Board to publish a notice of its intent to enter into a lease valued in excess of \$50,000 for three (3) consecutive weeks prior to consummation of the proposed lease. The notice of intent as to the proposed lease has been published for the required notice period pursuant to the Board's action on February 28, 2023, and in accordance with the Government Code.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Resilient Infrastructure

Goal: Goal 1: Strengthen operational effectiveness, fiscal reliability, and accountability

Objective: Objective 1: Align the Board of Supervisor's strategic priorities, policy, and operational goals with funding and resources.

Prior Board Actions:

02/28/23 – Notice of Intent to Execute Fourth Amendment to Lease

02/05/13 – Authorize General Services Director to execute Third Amendment to Lease

1992 – Approval of original lease with options for extension

FISCAL SUMMARY

Expenditures	FY 22-23 Adopted	FY23-24 Projected	FY 24-25 Projected
Budgeted Expenses	\$20,061.63	\$220,677.93	
Additional Appropriation Requested			
Total Expenditures	\$20,061.63	\$220,677.93	
Funding Sources			
General Fund/WA GF			
State/Federal	\$20,061.63	\$220,677.93	
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$20,061.63	\$220,677.93	

Narrative Explanation of Fiscal Impacts:

No Appropriations are being requested at this time. The FY22-23 Lease expenditures are included in the Community Development Commission's Adopted Budget. Appropriations for FY23-24 will be included in the Budget Development process.

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Fourth Amendment to Lease between Coddling Enterprises LP as Landlord and the County of Sonoma as Tenant

Related Items "On File" with the Clerk of the Board:

1440 Guerneville Road Lease and First, Second and Third Amendments to Lease