



SUMMARY REPORT

Agenda Date: 7/14/2020

To: Board of Directors of the Sonoma County Agricultural Preservation and Open Space District
Department or Agency Name(s): Sonoma County Agricultural Preservation and Open Space District
Staff Name and Phone Number: Julie Mefferd, 565-7368
Vote Requirement: Majority
Supervisory District(s): Countywide

Title:

Seventh Amendment to Lease for Office of Sonoma County Agricultural Preservation and Open Space District

Recommended Action:

Authorize the General Manager of the Sonoma County Agricultural Preservation and Open Space District to execute an amendment to the Lease Agreement between Papeete, LLC and the Sonoma County Agricultural Preservation and Open Space District, extending the lease for two years, through July 31, 2022 for a total cost not-to-exceed \$444,345.

Executive Summary:

The current lease agreement for the Sonoma County Agricultural Preservation and Open Space District's office space at 747 Mendocino Avenue, in Santa Rosa, will expire on July 31, 2020. The General Manager has negotiated a two-year extension of the existing lease agreement with the building owner, Papeete, LLC. The Sonoma County Agricultural Preservation and Open Space District had been evaluating the purchase of the current building as a potential long-term cost-saving alternative to paying monthly rent. Due to the current economic uncertainty caused by the COVID-19 public health emergency, all purchase negotiations have been suspended. The requested term extension provides time needed by staff to evaluate the impacts of the COVID-19 public health emergency on tax revenues and the local real estate market so that the Sonoma County Agricultural Preservation and Open Space District can acquire a cost-effective and well-located facility if a purchase is ultimately deemed prudent by the Board.

Discussion:

The Agricultural Preservation and Open Space District (Ag + Open Space) has been at its current facility at 747 Mendocino Ave, Santa Rosa, CA 95401 since March 26, 1996. The lease has been amended six times, to include various upgrades and expansions in 2007, 2011, and 2016. The current office space totals 9,239 square feet.

The current monthly rent of \$18,514.30 equates to an annual cost of \$22.65 per square foot. During this unprecedented economic time, Ag + Open Space negotiated additional square footage at the current rate, with no further rent increases over the remainder of the extended term of the lease. This additional 2,550

square feet reduces the annual cost to \$18.54 per square foot and, because the expansion space results in the Ag + Open space occupying the entire building, Ag + Open Space can consider a possible purchase of the building without incurring liability for relocation benefits to a private tenant. The proposed per square foot rate is consistent with prevailing lease rates for comparable commercial office space in a pre-COVID-19 environment. Because data reflecting the market's reaction to recent developments is not yet available, and because prices may be volatile for the foreseeable future, the General Manager believes the relatively short-term extension of the current lease with the existing rental rate is a prudent course of action, particularly because Ag + Open Space can terminate the lease on a discretionary basis with 180-days notice, offering Ag + Open Space the flexibility it may need in the event a permanent or more cost-effective location is found.

Prior Board Actions:

August 14, 2018: Authorized General Manager to execute amendment to Lease. (Board Action #12)
August 9, 2016: Authorized General Manager to execute amendment to Lease. (Board Action #1)
December 13, 2011: Authorized General Manager to execute amendment to Lease.
January 8, 2008: Authorized General Manager to execute amendment to sublease. (Board Action #1)
February 7, 2006: Authorized General Manager to execute amendment to sublease. (Board Action #2)
October 4, 2005: Authorized General Services Director to exercise option of Lease.
August 21, 2001: Authorized General Manager to execute amendment to Sublease. (Board Action #1)
February 27, 2001: Authorized Renewal of Sublease. (Board Action #1)
March 26, 1996: Authorized President to execute Sublease. (Resolution 96-0358)

FISCAL SUMMARY

Expenditures	FY 20-21 Recommended	FY21-22 Projected	FY 22-22 Projected
Budgeted Expenses	\$218,514	\$218,514	
Additional Appropriation Requested			
Total Expenditures	\$218,514	\$218,514	
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$218,514	\$218,514	
Use of Fund Balance			
Contingencies			
Total Sources	\$218,514	\$218,514	

Narrative Explanation of Fiscal Impacts:

Ag & Open Space has adequate appropriations in the Recommended FY20-21 budget for the lease, and will propose adequate appropriations for the FY21-22 budget.

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Staffing Impacts:

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

Narrative Explanation of Staffing Impacts (If Required):

Attachments:

1. Lease Agreement - Seventh Amendment

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