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DATE: July 15, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Jeff Schach, Fire Chief  
David Catalinotto, Senior Management Analyst

SUBJECT: Adoption (Second Reading) of Ordinance No. 2892 N.C.S. Authorizing the City Manager to Enter Into a Lease Amendment With Basin Street Properties for 2,789 Square Feet of Additional Office Space for Fire Department Administrative Offices at 161 2nd St

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### **RECOMMENDATION**

It is recommended that the City Council adopt the attached Ordinance authorizing the City Manager to enter into a lease amendment with Basin Street Properties for 2,789 square feet of additional office space for Fire Department administrative offices at 161 2nd Street.

### **BACKGROUND**

On July 1, 2024, the City Council unanimously approved the first reading, by a vote of 6-0 (with one absence), authorizing the City Manager to enter into a lease amendment for Fire Department administrative office space at 161 2nd Street with Basin Street Properties. The Ordinance was introduced by the City Council without changes to the draft presented at the July 1, 2024 Council meeting. Here is a link to the July 1, 2024, staff report for the introduction of the ordinance: <https://cityofpetaluma.primegov.com/api/compilemeetingattachmenthistory/historyattachment/?historyId=ff602d1f-52cc-42bf-8ea6-d165d57869ad>.

### **DISCUSSION**

The office space at 161 2nd Street is a total of 2,789 square feet and consists of seven enclosed office spaces and capacity for several additional workstations.

The basic terms of the lease amendment are as follows:

**Term** – 5-year lease through August 31, 2029 with up to two (2) one (1) year options to renew  
**Monthly Rent** – \$4,350.84 with 3% annual escalator  
**Triple Net / Expense Charge** – \$1,617.62 (estimated for first year)

**Total Monthly Payment** – \$5,968.46 (estimated for first year)

If approved, staff expects to vacate 151 2nd Street and move into the new office space at 161 2nd Street in September 2024.

### **PUBLIC OUTREACH**

This agenda item appeared on the City’s tentative agenda document on July 1, 2024 which was a publicly-noticed meeting.

### **COUNCIL GOAL ALIGNMENT**

This action supports the following City Council goals for fiscal and organizational sustainability objectives (A City That Works):

- Workplace Item 8 – Recruit, hire, retain, and advance a workforce that is diverse, representative, skilled, talented, and prepared to meet the demands of a full-service City.
- Workplan Item 10 – Make the City of Petaluma a model employer, encouraging creativity and innovation, and enhancing connections between our staff and the community.
- Workplan Item 231 – Develop activities and events to promote teamwork, collaborative relationships, celebrating staff successes and City of Petaluma years of service to rebuild in-person workplace culture.

### **CLIMATE ACTION/SUSTAINABILITY EFFORTS**

There are no climate action or sustainability impacts associated with this item.

### **ENVIRONMENTAL REVIEW**

Introducing an ordinance to approve a lease which will provide office space for the Petaluma Fire Department is categorically exempt under the California Environmental Quality Act (“CEQA”) in accordance with Sections 15301 (Existing Facilities), 15303 (New Construction or Conversion of Small Structures), and 15304 (Minor Alterations to Land) as the lease space is located at an already improved property, near the Fire Department Headquarters.

### **FINANCIAL IMPACTS**

The first-year cost for the lease will be approximately \$72,000, subject to an annual escalator and calculation of actual operating expenses / triple net charges. This is an increase of approximately \$45,000 from lease costs for a full year at 151 2nd Street. This additional cost was included in the Fiscal Year 2025 Fire Station 1 Capital Improvement Program project budget.

### **ATTACHMENTS**

1. Ordinance No. 2892 N.C.S. with Exhibit A (Lease Amendment)