



DATE: September 18, 2023

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

FROM: Ingrid Alverde, Director of Economic Development & Open Government

SUBJECT: Introduction (First Reading) of an Ordinance of a 5 Year Extension to the Commercial Lease Between the City of Petaluma and Sonoma Marin Area Rail Transit (SMART) for the Property Located at 210 Lakeville Street (APN 007-131-004) Which Includes the Old Train Depot and Neighboring Buildings and Parking Lot

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### **RECOMMENDATION**

It is recommended that the City Council introduce (first reading) of an ordinance of a 5-year extension to the commercial lease between the city of Petaluma and Sonoma Marin Area Rail Transit (SMART) for the property located at 210 Lakeville Street (APN 007-131-004) which includes the old train depot and neighboring buildings and parking lot.

### **BACKGROUND**

On August 1, 2003, the Petaluma Community Development Commission (PCDC) entered a Master Lease with Northwestern Pacific Railroad Authority (Authority) to allow for the rehabilitation of the Train Depot Buildings located on the Authority's land and the subsequent use of those buildings for nonprofit activities (Attachment 1). The initial term of the lease was 10 years with options to extend the lease by 5 years up to 3 times for a total of 25 years.

Since the initial lease was executed, the PCDC completed extensive renovations of the Train Depot buildings and subleased and / or licensed the buildings to the Petaluma Art Center and the Petaluma Visitor's Center. Also, since the execution of the lease, the Petaluma Community Development Commission was dissolved, and the Lease was assigned to the City of Petaluma. The Authority also assigned its part of the lease to SMART. An option to exercise the Lease was completed in 2018. That extension expired on July 31, 2023. An additional option was requested earlier this year. City Council needs to adopt an Ordinance finalizing the option extension. This is the last of the 3-year options provided in the current lease.

### **DISCUSSION**

Staff are in talks with SMART about securing a new lease. This would let the City keep offering this space to local nonprofits in our historic buildings that were renovated by Petaluma's former

redevelopment agency. From the feedback we've received, it seems likely that SMART will approve this new lease.

The suggested plan ensures that the City can support the Downtown Association/Visitor Program and the Art Center, letting them use these spaces for their activities. These nonprofits aren't charged for using the spaces, enabling them to concentrate on promoting community art and boosting local tourism and downtown business. Currently, the City pays SMART \$12,000 annually under the existing lease agreement.

### **PUBLIC OUTREACH**

This agenda item appeared on the City's tentative agenda document on September 11, 2023, which was a publicly noticed meeting.

### **COUNCIL GOAL ALIGNMENT**

- Attract and retain businesses that generate revenues and provide jobs that pay living wages.
- Promote Petaluma as a destination for both locals and visitors.
- Create inspirational spaces with diverse public art installations.
- Enhance public spaces that are accessible, sustainable, and inspire connections to our history and to each other.

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

This action will protect and maintain historic buildings that were renovated by Petaluma's former redevelopment agency assuring that these important buildings are not lost or destroyed. This could minimize the need for replacement buildings that could have a negative climate impact.

### **ENVIRONMENTAL REVIEW**

Introducing an ordinance to approve an amended and restated lease agreement which will authorize a 5 Year Extension to the Commercial Lease Between the City of Petaluma and Sonoma Marin Area Rail Transit (SMART) for the Property Located at 210 Lakeville Street (APN 007-131-004) 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 and will extend the already existing services for five years.

### **FINANCIAL IMPACTS**

The lease payment is budgeted in the approved fiscal year 2024 budget.

## **ALTERNATIVES**

Do not approve the proposed option to extend the lease with SMART and lose access to the historic buildings.

## **ATTACHMENTS**

1. Ordinance extending the lease between the City of Petaluma and Sonoma Marin Area Rapid Transit (SMART)