County of Sonoma  
Agenda Item  
Summary Report

To: Board of Directors of the Northern Sonoma County Air Pollution Control District

Board Agenda Date: June 14, 2016  
Vote Requirement: Majority

Department or Agency Name(s): Northern Sonoma County Air Pollution Control District

Staff Name and Phone Number: Rob Bamford, 433-5911

Supervisiorial District(s): Fourth & Fifth

Title: Renewal to Lease Agreement for the Office of Northern Sonoma County Air Pollution Control District

Recommended Actions:

Authorize the Air Pollution Control Officer of the Northern Sonoma County Air Pollution Control District to execute the Second Lease Amendment for 150 Matheson Street, Healdsburg between the Northern Sonoma County Air Pollution Control District and Pena Creek Land Company. The Amendment extends the lease from September 1, 2016 through August 31, 2019 at $62,184 per year with annual CPI adjustments ranging from 2% to 4%.

Executive Summary:

The Northern Sonoma County Air Pollution Control District (“District”) is seeking Board of Directors’ authorization for the Air Pollution Control Officer to sign and execute the Second Lease Amendment for the District’s office at 150 Matheson Street in Healdsburg. The District’s current lease expires August 31, 2016. The amount of the Second Lease Amendment is $62,184 for the first year ($5,182 per month, $1.75 per square foot), with annual CPI adjustments.

The District has leased at its current location, 150 Matheson Street in Healdsburg, from Pena Creek Land Company (“Landlord”) since September 1996. The lease is for 2,961 square feet of office space and six designated parking spaces in downtown Healdsburg. The current lease, expiring August 31, is set at a rate of $1.23 per square foot, which comes out to $3,643 per month or $43,716 per year.

The District office is centrally located within the District’s boundaries. From its current location in Healdsburg, the District has been able to provide convenient access to the public where the majority of permit holders and public residents are located. This location also provides for the efficient and effective enforcement and air monitoring activities mandated by State and Federal law, as well as rapid response when members of the public report air pollution problems.
Cost Comparisons & Considerations: In preparation of the proposed lease renewal, District staff conducted a survey of available office rental space. District staff obtained commercial real estate listings from the County of Sonoma General Services, Real Estate Division and a licensed commercial real estate broker in Healdsburg to assist with the survey. The prevailing rate in the area is about $2.00 per square foot. The inventory of available commercial properties for lease is small and the subcategory of office space is even more limited. Many of the available office spaces were unsuitable for District use. The available spaces were less accessible (second story without escalator or elevator), with little or no parking for either the public or District vehicles, with inadequate square footage for District staff and equipment, and would require accessibility upgrades pursuant to the Americans with Disabilities Act (ADA). The District’s current space is ADA compliant, properly sized, includes public and District parking, and provides Level-2 electrical vehicle charging for District vehicles. Based on this review, District staff (with the agreement of Landlord) are proposing a lease renewal for a three-year period with a beginning monthly rate of $5,182 per month ($1.75 per square foot, representing an increase of $0.52 per square foot over the current rate for the first year), or $62,184 per year. This rate ($1.75 per square foot), while increased, is still substantially below the prevailing rate of about $2.00 per square foot and is the absolute lowest rate that could be negotiated with Landlord. The rate represents an increase of $1,539 per month, or $18,468 per year over the current lease costs.

Proposed Lease Amendment: Staff has negotiated with Landlord the Second Amendment to its lease, the proposed terms of which have been reviewed with the County of Sonoma General Services, Real Estate Division, and approved by County Counsel as to form and content. The principle terms are as follows:

- Lease term: 3 years; effective September 1, 2016 through August 31, 2019.
- Rent: $5,182 per month for the first year; adjusted each year thereafter by CPI, 2% minimum; 4% maximum.

The District has the authority to lease real property per CA Health and Safety Code 40701(d).

Prior Board Actions:

August 9, 2011: Board authorized the APCO to execute the First Lease Amendment for 150 Matheson Street, Healdsburg between the Northern Sonoma County Air Pollution Control District and Pena Creek Land Company.

July 23, 1996: Board authorized the Air Pollution Control Officer to execute the original Lease Agreement for 150 Matheson Street, Healdsburg between Northern Sonoma County Air Pollution Control District and Pena Creek Land Company.

Strategic Plan Alignment Goal 2: Economic and Environmental Stewardship

Renewing the lease for the Air District’s office spaces allows the District the proper infrastructure, support, and space to continue with its mission to protect the public from the negative effects of air pollution.
## Fiscal Summary - FY 16-17

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Funding Source(s)</th>
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<tbody>
<tr>
<td>Budgeted Amount</td>
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<tr>
<td>Add Appropriations Reqd.</td>
<td>State/Federal</td>
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<td>Fees/Other</td>
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<td>Use of Fund Balance</td>
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<td>Contingencies</td>
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<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>$62,184</strong></td>
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<tr>
<td><strong>Total Sources</strong></td>
<td>$62,184</td>
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**Narrative Explanation of Fiscal Impacts (If Required):**

Appropriations are available within the 2016-2017 Northern Sonoma County Air Pollution Control District’s General Budget. Funding for the remaining years for this lease will be included in future year budgets.

## Staffing Impacts

<table>
<thead>
<tr>
<th>Position Title (Payroll Classification)</th>
<th>Monthly Salary Range (A – I Step)</th>
<th>Additions (Number)</th>
<th>Deletions (Number)</th>
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**Narrative Explanation of Staffing Impacts (If Required):**

## Attachments:

Draft Second Amendment to Lease Agreement between Northern Sonoma County Air Pollution Control District and Pena Creek Land Company

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

Original Lease Agreement, First Amendment