

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: CHAIR AND BOARD MEMBERS
FROM: STEPHANIE VALKOVIC, SENIOR REAL PROPERTY AGENT
SUBJECT: APPROVAL OF A LEASE AGREEMENT TO PG&E OVER A
PORTION OF CITY OWNED PROPERTY LOCATED AT 0 W
COLLEGE AVENUE, APN 010-320-031

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by Santa Rosa Water and Real Estate Services that the Board of Public Utilities, by motion, authorize the Assistant City Manager to negotiate a Lease Agreement between the City and Pacific Gas & Electric Company, Inc., on a portion of City owned property located at 0 West College Avenue; and delegate authority to the Assistant City Manager to execute the Lease Agreement, subject to approval as to form by the City Attorney.

EXECUTIVE SUMMARY

On December 23, 1985, Council approved a 40-year ground lease to Pacific Gas and Electric Company ("PG&E") for a portion of the City property located at 0 W College Avenue, APN 010-320-031 ("Property"). The 40-year lease is set to expire on March 31, 2026. The parties desire to enter into a new lease of the Property for parking and associated uses and Staff requests Board approval for the Assistant City Manager to negotiate and execute the negotiated Lease, subject to approval as to form by the City Attorney.

BACKGROUND

City of Santa Rosa (City) is the owner of the Property. Pursuant to an existing Ground Lease dated December 26, 1985 (the "Existing Lease"), PG&E leases a portion of the Property ("Premises") for the purpose of operating surface level parking with approximately 80 standard size vehicle parking spaces, and a picnic area with landscaping, picnic tables, and fencing.

The term of the Existing Lease is set to expire on March 31, 2026, and PG&E has expressed its desire to continue to lease the Premises. City staff are negotiating a new Lease with PG&E in line with current leasing standards and, because the Property is

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Water managed, the Lease falls within the authority of the Board of Public Utilities. Staff seek Board approval for the Assistant City Manager to negotiate the Lease and execute the negotiated Lease, subject to approval as to form by the City Attorney.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

Not applicable.

ANALYSIS

On December 23, 1985, Council approved a 40-year ground lease to PG&E for a portion of the Property, which is set to expire on March 31, 2026.

Staff are negotiating with PG&E for the continued lease of a portion of the Property shown in Attachment One. The Lease rent is \$1,920 per month, deemed fair market value and the term of the Lease shall be for a five-year period of time. PG&E will be responsible for all maintenance of, and possessory use taxes for, the Premises. The Rent amount will increase by 3% beginning on the one-year anniversary of the Commencement Date and every other year thereafter.

Staff is now bringing this action forward for Board consideration and approval, as well as approval for the Assistant City Manager to negotiate, and execute the Lease and any related Lease documents subject to approval as to form by the City Attorney.

FISCAL IMPACT

Approval of this action does not have an expenditure impact on the Enterprise or General Funds. Rent will be receipted as property revenue to the Local Wastewater Enterprise Fund 1621-4511.

ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines Section 15378(b)(4), the recommended action is not a "project" subject to the California Environmental Quality Act (CEQA) because it consists of the approval and execution of a lease agreement for an existing developed site and does not involve any commitment to new construction, expansion of facilities, or other physical changes to the environment.

In the alternative, the action qualifies for a Class 1 Categorical Exemption pursuant to CEQA Guidelines Section 15301 (Existing Facilities), as it involves the continued use of an existing facility with no expansion of use.

Accordingly, no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

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OWNED PROPERTY LOCATED AT 0 W COLLEGE AVENUE, APN 010-320-031
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Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Exhibit A – Draft Map

PRESENTER

Stephanie Valkovic, Senior Real Property Agent