



## CITY COUNCIL AGENDA REPORT

**MEETING DATE:** Tuesday, October 28, 2025  
**TO:** CITY COUNCIL  
**WRITTEN BY:** PRINCIPAL MANAGEMENT ANALYST ZAVALA  
**RECOMMENDED BY:** CITY MANAGER VIDES  
**APPROVED BY:** CITY MANAGER VIDES

**SUBJECT:** LEASE AGREEMENT BETWEEN THE CITY OF WATSONVILLE AND  
MONTEREY BAY AIR RESOURCES DISTRICT FOR 275 MAIN ST., SUITE  
104

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### RECOMMENDATION:

It is recommended that the City Council adopt a resolution authorizing the City Manager to execute a Lease, and any amendments of a non-substantive nature, with the Monterey Bay Air Resources District for office space located at 275 Main Street, Suite 104, in the Civic Plaza; and finding the leasing of the facility exempt from review of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15301 (Class 1)-Existing Facility.

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### BACKGROUND:

Monterey Bay Air Resources District (MBARD) currently has an active good-standing lease with the City for the office space located at 275 Main St., Suite 104, in the Civic Plaza. Their current lease has been active since November 1, 2021, and is set to expire on October 30, 2025, following MBARD's exercise of its 2-year lease extension in 2023. Their current base rent is \$1,369.10 per month plus an additional monthly fee of \$296.70 for janitorial services twice per week. MBARD would like to enter into a new lease for the continued use of the space.

### DISCUSSION:

The Civic Plaza Building was designed and constructed with condominium units because the City planned to lease some of the condominium spaces within the building to help offset the building's costs. Currently, all but one of those condominium spaces is rented.

This lease is for unit 104, which comprises approximately 741 square feet of office space on the ground level. No tenant improvements are required. The current market rate for the unit is \$1,403.21, and the current cost of the janitorial services provided is expected to increase to \$305/month.

The key terms of the proposed Lease are as follows:

1. Term: Initial two-year term beginning November 1, 2025, and ending October 31, 2027, with one option to extend for one additional two-year term at the then market rate.
2. Rent: Base rent of \$1,403.21 per month plus \$305 per month for janitorial services. Base rent shall be adjusted annually based on the amount equal to the change in the Northern California (San Francisco-Oakland – Hayward) consumer price index, not to exceed 3% in any one year.
3. A security deposit of \$2,082.00 will be transferred from the existing lease and maintained as a security deposit.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) DETERMINATION:**

The approval of the lease is categorically exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15301(Class 1)-Existing Facility as this approval will be leasing an existing facility, involving negligible or no expansion of existing or former use.

### **STRATEGIC PLAN:**

**Economic Development**

**Fiscal Health**

### **FINANCIAL IMPACT:**

The City's General Fund will receive rent revenue of \$33,677.04, plus annual adjustments based on the Consumer Price Index (CPI), during the initial term of the lease.

### **ALTERNATIVE ACTION:**

The City Council may choose not to authorize the lease renewal.

### **ATTACHMENTS AND/OR REFERENCES (IF ANY):**

None