



# Agenda Report

**MEETING DATE:** Tuesday, October 26, 2021

**TO:** City Council

**FROM:** ASSISTANT CITY MANAGER VIDES  
Raunel Zavala, Administrative Analyst

**SUBJECT:** LEASE BETWEEN THE CITY OF WATSONVILLE AND THE  
MONTEREY BAY AIR RESOURCES DISTRICT FOR PREMISES  
LOCATED AT 275 MAIN STREET, SUITE 104

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## **STATEMENT OF ISSUES:**

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 October 2017 and is set to expire on October 21, 2021. The current rent is \$1,035.37 per month plus an additional monthly fee of \$258 for twice per week janitorial services. Current market rate for said space is \$1,294.22 and current janitorial fees are \$296.70 per month. MBARD would like to renew its lease.

## **RECOMMENDED ACTION:**

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 subject to legal approval, with the Monterey Bay Air Resources District for office space located at 275 Main Street, Suite 104, in the Civic Plaza.

## **DISCUSSION:**

The Civic Plaza Building was designed and constructed, in condominium units because the City planned to lease some condominium spaces within the building to help offset the cost of the building. One condominium space is occupied by the Subway Restaurant. Other condominium spaces have been rented over the years.

This lease is for one 741 +/- square feet condominium office space on the street level. No tenant improvements are required and the unit is move-in ready. The current rent is \$1,035.37 per month plus an additional monthly fee of \$258 for twice per week janitorial services. Current market rate for said space is \$1,294.22 and current janitorial fees are \$296.70 per month.

The key terms of the proposed Lease are as follows:

1. Term: One two-year term, with one option to extend for one additional two-year term.

2. Rent: \$1,294.22 per month, plus a contribution to janitorial costs of \$296.70 each month for twice weekly janitorial services.
3. A security deposit in the amount of \$2,082.00 will be transferred from existing lease and maintained as security deposit.

**STRATEGIC PLAN:**

4-Economic Development - This action is consistent with the City's goal of improving economic development by retaining businesses in the downtown area

**FINANCIAL IMPACT:**

The City's General Fund will receive rent revenue in the amount of approximately \$15,530 per year.

**ALTERNATIVE ACTION:**

Council can elect to decline the lease offer.

**ATTACHMENTS AND/OR REFERENCES (If any):**

None.