

City of Sacramento
City Council - 5PM Report
915 I Street Sacramento, CA 95814
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File ID: 2025-00962

5/20/2025

Lease Amendment: McClellan Warehouse for California Task Force Seven (CA-TF7), Urban Search and Rescue (US&R) Team [Published for 10-Day Review on 05/07/2025]

File ID: 2025-00962

Location: McClellan Business Park Building 310 (3300 Howard Street, McClellan Park, CA 95652)

Recommendation: Pass a **Motion** authorizing the Interim City Manager or designee to 1) execute the Fourth Amendment to City Agreement 2004-0094 to McClellan Park Standard Form Net Lease Agreement with McClellan Realty, LLC for a five-year term with the option of one five-year extension of term, for a total amount not to exceed \$1,836,570, and any related documents; and 2) authorizing the Interim City Manager or designee to execute minor lease amendments, pursuant to City Code Section 3.68.120.

Contact: Steve Ward, Real Property Agent, (916) 808-1081, stward@cityofsacramento.org, James Christensen, Facilities Manager, (916) 808-5863, jechristensen@cityofsacramento.org, Department of Public Works; Patrick Costamagna, Assistant Chief, (916) 808-1609, pcostamagna@sfd.cityofsacramento.org, Fire Department

Presenter: None

Attachments:

1-Description/Analysis

2-Fourth Amendment to McClellan Park Standard Form Net Lease Agreement with McClellan Realty, LLC

Description/Analysis

Issue Detail: This report recommends the City Council authorize the Interim City Manager, or designee, to execute the Fourth Amendment to City Agreement No. 2004-0094 to McClellan Park Standard Form Net Lease Agreement with McClellan Realty, LLC in order to continue the lease of warehouse space necessary to house the equipment and vehicles for the California Task Force Seven (CA TF-7), Urban Search & Rescue (US&R) Team. This amendment to the current lease agreement continues a relationship with McClellan Realty, LLC for space leased at McClellan Business Park since 2004.

Policy Considerations: The recommendations in this report are in accordance with City Code

Chapter 3.60 and are consistent with prior council decisions supporting participation in local, state and national disaster assistance programs.

The Sacramento City Code Section 4.04.020 and the City Council Rules of Procedure (Chapter 7, Section E.2.d) mandate that unless waived by a 2/3 vote of the City Council, all labor agreements, and all agreements greater than \$1,000,000 shall be made available to the public at least ten (10) days prior to City Council action. This item was published for 10-day review on May 7, 2025, in compliance with the City Code.

Economic Impacts: Not applicable.

Environmental Considerations: Ongoing administrative activities, such as purchases of supplies, equipment or materials which are not made for purposes of a public construction project, do not constitute a “project” and are exempt from the California Environmental Quality Act (CEQA). CEQA Guidelines, Section 15061(b)(1), 15378(B)(3).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The City of Sacramento Fire Department is the sponsoring agency of CA TF-7. CA TF-7 is responsible for organizing, equipping and maintaining the specialized equipment cache; training task force personnel; and mobilizing the team upon activation by the Department of Homeland Security/Federal Emergency Management Agency (DHS/FEMA). CA TF-7 has occupied the current warehouse location since 2004, after the Task Force outgrew storage available at City owned locations.

The amendment to the lease agreement will allow:

- CA TF-7 to continue its mission within available funding,
- secure storage of all grant acquired equipment and vehicles, and
- long-term parking for approximately 100+ Task Force member vehicles in the event of a deployment.

Financial Considerations: The recommended amendment to the lease agreement between the City, as the sponsoring agency for CA TF-7, and McClellan Realty, LLC for the lease of building 310 located at 3300 Howard Street, will be for a five-year period with an initial monthly cost of \$13,045.98 and 3.5% annual increase to base rent. In addition, there is the option to extend for one five-year term with the same annual rental adjustments. The total potential cost of this amendment to lease agreement, if the extension was exercised, would be \$1,836,570.

The lease of this warehouse is covered by annual operating grants awarded by DHS/FEMA. If

funding from DHS/FEMA were to cease, the lease could be terminated. There are no General Funds allocated to this Agreement.

Local Business Enterprise (LBE): Not applicable.

**FOURTH AMENDMENT TO
McCLELLAN PARK STANDARD FORM
NET LEASE AGREEMENT**

This Fourth Amendment to McClellan Park Standard Form Net Lease Agreement ("**Fourth Amendment**"), dated for reference purposes as February 25, 2025, is entered into between **McCLELLAN REALTY, LLC**, a Delaware limited liability company ("**Landlord**"), and **CITY OF SACRAMENTO, on behalf of SACRAMENTO FIRE DEPARTMENT, SPECIAL OPERATIONS DIVISION**, a municipal corporation ("**Tenant**"). In the event of any inconsistencies between the terms of this Fourth Amendment and the terms of the Lease (defined below), the terms and conditions of this Fourth Amendment shall govern and control.

Recitals

A. Landlord's predecessor-in-interest and Tenant have entered into that certain McClellan Park Standard Form Net Lease Agreement, dated April 20, 2004, as amended by that First Amendment, dated September 8, 2009, as amended by that Second Amendment, dated December 12, 2014, as amended by that Third Amendment, dated February 14, 2020 (collectively, "**Lease**"), for the lease of the "**Premises**" consisting of approximately 21,713 rentable square feet located within Building 310, 3300 Howard Street, McClellan, California, which is more particularly described in the Lease.

B. Landlord and Tenant now desire to amend the Lease in accordance with the terms and conditions of this Fourth Amendment.

NOW, THEREFORE, in consideration of the foregoing Recitals, and the mutual covenants contained herein, the parties agree as follows:

Agreement

1. **Definitions.** Unless otherwise defined herein, all capitalized terms used in this Fourth Amendment shall have the same meaning as defined in the Lease.

2. **Effective Date.** This Fourth Amendment shall be effective as of the date upon which the last party hereto executes this Fourth Amendment ("**Effective Date**").

3. **Extended Term.**

3.1. **Extension of Term.** The parties hereby agree that the Term is hereby extended for a period of five (5) years ("**Extended Term**"), commencing on December 1, 2024 ("**Extended Term Commencement Date**") and expiring on November 30, 2029, unless extended or sooner terminated pursuant to the terms of the Lease. Notwithstanding the foregoing, in the event that Tenant has not delivered a written notice ("**Continuation Notice**") on or before September 30 of each calendar year, indicating its election to continue the Term for a single year from the following December 1 through November 30 of such year, the Term shall automatically terminate on November 30 of the then current calendar year. The first Continuation Notice is due on or before September 30, 2025 (an example of such notice process is as follows: if Tenant provides a Continuation Notice on or before September 30, 2025, and does not thereafter provide a Continuation Notice on or before September 30, 2026, the Term shall automatically expire on November 30, 2026).

3.2. Option to Extend. At the expiration of the Extended Term, Tenant may extend this Lease for a single extended term of five (5) years ("**Option Term**") by giving Landlord written notice ("**Option Notice**") of its intention to do so at least one hundred twenty (120) days prior to the expiration of the Extended Term; provided, however, that Tenant is not in material default beyond any applicable cure period under the Lease on the date of giving such notice. Base Rent for the first year of the Option Term, and on each annual anniversary thereafter, shall increase by three and one half percent (3.50%) of the Base Rent in effect immediately prior to such extension. During the Option Term, Tenant shall be required to deliver a Continuation Notice in accordance with Section 3.1 to indicate its election to continue the Option Term for a single year.

4. Base Rent for the Extended Term. As of the Extended Term Commencement Date, the parties hereby agree that Base Rent for the Extended Term is the following:

A. \$13,045.98 per month for months 1 through 12 of the Extended Term.

B. Commencing on the first day of the thirteenth (13th) month of the Extended Term, and on each annual anniversary thereafter, Base Rent shall be increased by the amount of three- and one-half percent (3.50%) of the Base Rent then in effect.

5. Ratification. Except as modified by this Fourth Amendment, the Lease is ratified, affirmed, remains in full force and effect, and is incorporated herein by this reference.

6. Authority. The undersigned hereby represent and warrant, each to the other, that (i) they have the legal right, power and authority to enter into this Fourth Amendment on behalf of the party for whom they are a signatory, (ii) the execution, delivery and performance of this Fourth Amendment has been duly authorized, and (iii) no other action is requisite to the valid and binding execution, delivery and performance of the Lease as modified by this Fourth Amendment.

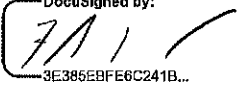
7. Counterparts. This Fourth Amendment may be executed in multiple counterparts, each of which counterpart shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Amendment as of the date set forth below.

LANDLORD:

McCLELLAN REALTY, LLC, a Delaware
limited liability company

DocuSigned by:

By: 3E385EBFE6C241B...
Frank Myers, Chief Operating Officer

Date: 2/25/2025 | 1:52 PST

TENANT:

**CITY OF SACRAMENTO, on behalf of
SACRAMENTO FIRE DEPARTMENT,
SPECIAL OPERATIONS DIVISION**, a
municipal corporation

By: _____

Name: _____

Title: _____

Date: _____