



AGENDA REPORT

Economic Development

DATE:	November 19, 2024
TO:	Mayor Martinez and Members of the City Council
FROM:	Nannette J. Beacham, Economic Development Director Bisa French, Police Chief Dave Aleshire, City Attorney
SUBJECT:	Lease Extension with Dicon Fiberoptics, Inc., for Police Department Facility at 1689 Regatta Boulevard
FINANCIAL IMPACT:	The Lease will be extended for 5 years to December 31, 2029. The first year estimated expenditure of \$2,198,723 (base rent, operating expenses and utilities) is included in the Fiscal Year 2024/25 adopted operating budget (01191021-400303) for the Police Department. The remaining 4 years will be included in Fiscal Year 2025-26, Fiscal Year 2026-27, Fiscal Year 2027-28, Fiscal Year 2028-29 and Fiscal Year 2029-30 operating budgets.
PREVIOUS COUNCIL ACTION:	October 7, 2014
STATEMENT OF THE ISSUE:	Since 2006, the Richmond Police Department (RPD) has leased a portion of the building located at 1689 Regatta Boulevard (“RPD Facility”) from DiCon Fiberoptics, Inc. for police department operations. The existing lease term expires on December 31, 2024, and RPD is requesting approval of a five-year lease extension with five (5) one-year renewal options.
RECOMMENDED ACTION:	APPROVE the second lease amendment to provide a five (5) year lease extension with DiCon Fiberoptics, Inc. for the RPD Facility commencing January 1, 2025, and ending on December 31, 2029, with an annual base rent of \$1,690,440 (monthly cost fixed rate of \$140,870) and operating expenses and utilities of \$508,283 (estimated monthly cost \$42,356.91, which may increase annually),

	with five (5) one-year renewal options - Police Department/Economic Development - Real Estate (Chief Bisa French/Nannette J. Beacham 510-621-1306).
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DISCUSSION:

In 2006, the Richmond Police Department (RPD) relocated to 1689 Regatta Boulevard after it was determined that the Hall of Justice, located at 401 27th Street, was uninhabitable due to mold and a mandatory need for an earthquake retrofit.

In 2006, the City and DiCon Fiberoptics, Inc. (“Landlord”) entered into that certain Office Lease dated December 20, 2006 (“Original Lease”). The Original Lease was amended by that certain First Amendment to Office Lease dated October 17, 2014 (“First Lease Amendment”). The Original Lease as amended by the First Lease Amendment is hereinafter referred to as the “Lease.”

The current term of the Lease expires on December 31, 2024.

The current base rent is \$1,690,490 (\$32 per sq ft) with current annual operating expenses of \$508,283.

The Second Amendment includes the following terms:

- *Lease Term:* Lease term is extended to December 31, 2029 (“Extended Term”).
- *Base Rent:* During the Extended Term, the annual base rent is fixed at \$1,690,440 (monthly cost \$140,870 with no annual increases) (“Base Rent”).
- *Operating Expenses.* Operating Expenses which are currently \$508,283 (monthly cost \$42,356.91), will most likely increase annually.
- *Options to Extend:* RPD has 5 options to extend the lease term each for 1 year but with Base Rent increasing by Consumer Price Index with minimum increase of 3% and maximum increase of 5% of existing annual base rent.
- *Additional Uses Confirmed:*
 - RPD can reserve and use the auditorium in the other portion of the building for training programs and special events.
 - RPD can use the elevator in the other portion of the building.
- *Additional RPD Improvements:* Landlord confirmed that Landlord will not unreasonably withhold consent for RPD to make improvements to the premises (at RPD’s cost) including electric charging stations and locker rooms.

Summary:

This Lease Amendment will ensure that police services for the City of Richmond are uninterrupted.

ATTACHMENTS:

Attachment 1 - DiCon Fiberoptics – Second Lease Amendment

Attachment 2 - DiCon Fiberoptics – Original Lease with First Lease Amendment