



**DATE:** October 8, 2024

**TO:** Mayor and City Council

**FROM:** Police Chief

**SUBJECT:** Adopt a Resolution Authorizing the City Manager to Negotiate and Execute a Rental Agreement with Palma Ceia Baptist Church for the Hayward Police Department's South Resource Center for an Amount Not-to-Exceed \$350,000 and to Appropriate \$6,000 from the Measure C Fund to the Hayward Police Department's Measure C Community Service Budget

**RECOMMENDATION**

That Council adopts a resolution (Attachment II) authorizing the City Manager to negotiate and execute a 36-month rental agreement with Palma Ceia Baptist Church for the Hayward Police Department's South Resource Center, with the option to renew for one additional 36-month term, in a total amount not to exceed \$350,000, and appropriate \$6,000 from the Measure C Fund (101) into the police department's Measure C Community Services budget to fund the increased cost of rent for the first year of the rental agreement.

**SUMMARY**

Palma Ceia Baptist Church (PCBC) currently rents a portion of their property at 28695 Ruus Road to the City of Hayward for the Hayward Police Department's ("HPD") South Resource Center. The current lease expires at the end of September 2024, and through communication between staff and PCBC, both parties desire to enter into a 36-month rental agreement, with the option to renew for an additional 36-month term. Monthly rent will amount to \$4,500, which is an increase of \$500 per month from the current rental rate. The total value of the two terms combined, along with any potential month-to-month tenancy during negotiations for a renewed lease, shall not exceed \$350,000.

**BACKGROUND AND DISCUSSION**

The City and Palma Ceia Baptist Church first entered into a one-year rental agreement in October of 2022 for the HPD's South Resource Center located at 28695 Ruus Road. This lease provided a unique opportunity to forge a partnership between the HPD and PCBC and to build trust between HPD and the community. In October 2023, the City and PCBC extended the

lease for an additional one-year term. Both of these rental agreements set rent at \$4,000 per month (\$48,000 per year).

Due to the successful partnership between the City and PCBC, a 36-month rental agreement is desired which will run from 2024 through 2027, with the option to renew for an additional 36-month term. The leased premises is located at 28695 Ruus Road and is the non-shaded portion of the parcel outlined below in red.



## FISCAL IMPACT

The initial 36-month rental agreement between the City and PCBC totals \$162,000, or \$54,000 per year. The HPD's South Resource Center is funded entirely by the Measure C Fund. The previous lease agreements from 2022 to 2024 had an annual rent of \$48,000. The new lease will increase by \$6,000 annually.

To cover this increased cost, staff requests an additional \$6,000 be appropriated from the Measure C Fund (101) and put into the HPD's Measure C Community Service Budget, in FY 2025 for the first year of the new rental agreement. Full funding for the annual rental cost, including supplies, services, and utilities, will be requested during the annual budget process.

The fiscal impact of the optional extension for an additional 36-month rental agreement shall not exceed \$188,000, or approximately \$62,667 per year. Staff will aim to keep the rental rate at \$4,500 per month during negotiations for the second 36-month term. However, flexibility is requested to adjust to fair market value rental rates. If the extension option is exercised, any changes in negotiated rental cost will be presented to Council for consideration.

### **STRATEGIC ROADMAP**

The rental agreement between the City and PCBC supports the Enhance Community Safety and Quality of Life priorities, although it does not fit into a specific project.

### **NEXT STEPS**

If the Council authorizes this action, staff will negotiate and execute a 36-month rental agreement with Palma Ceia Baptist Church and 6,000 will be appropriated from the Measure C Fund into the HPD's Measure C Community Services budget.

*Prepared by:* Laura Gomez, Senior Management Analyst

*Recommended by:* Bryan Matthews, Chief of Police

Approved by:



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Dustin Claussen, Interim City Manager