



COUNCIL REPORT

DATE: September 23, 2025

CATEGORY: Consent

DEPT.: Public Works

TITLE: **Property Management Services for
909 San Rafael—Professional Services
Agreement**

RECOMMENDATION

Authorize the City Manager or designee to amend the existing professional services agreement with Embarcadero Realty Services, a limited partnership, by \$106,000 for a revised not-to-exceed total of \$406,000 to continue property management services for 909 San Rafael Avenue.

BACKGROUND AND ANALYSIS

On September 13, 2022, the City Council authorized the acquisition of 909 San Rafael Avenue, a 0.87-acre parcel with a 13,800 square foot, single-story office/R&D building for a future park site in the Terra Bella neighborhood. At acquisition, the property was leased to Dusty Robotics, Inc. (Dusty Robotics), at an annual lease rent of \$480,000.

Since then, Council has approved a series of lease actions with Dusty Robotics, most recently in [May 2025](#), extending the lease through September 30, 2027 (with renewal options). The lease amendment is projected to generate approximately \$1.1 million in base rent revenue during that period.

To ensure professional property management of the site during the lease term, the City retained Embarcadero Realty Services (ERS), which had been the property manager of the property for several years. ERS provides day-to-day oversight, including tenant communication, coordinating maintenance vendors, and responding to emergencies. About half of the contract supports these management services, while the remainder is reserved for routine owner expenses. ERS ensures the building remains in leasable condition, the tenant receives responsive service, property revenues are collected for the City, and staff resources are not diverted to day-to-day facilities management. This allows the City to preserve rental income and maintain the property's condition while preparing for the future park.

The current funding in the agreement with ERS is expected to be fully expended in October 2025. Staff recommends increasing the ERS contract by \$106,000 for a total not-to-exceed amount of

\$406,000. This funding amount will allow ERS to continue providing property management services through the lease term and options or until park construction begins.

FISCAL IMPACT

Funding for property management services is provided in Project 23-47, supported by \$20.4 million from the Stierlin Park Land Dedication Fund. Sufficient appropriation is available to increase contract authority with ERS by \$106,000, for a revised not-to-exceed amount of \$406,000.

The additional cost is expected to be offset by approximately \$1.1 million in lease revenues projected for October 2025 through September 2027, which will be deposited back into the Park Land Dedication Fund.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a “license, permit, or other entitlement for use” if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information, see the Fair Political Practices Commission website: <http://www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html>.

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

SUBJECT TO THE LEVINE ACT

☒ Contract or franchise agreement

ALTERNATIVES

1. Do not authorize the agreement amendment for property management of 909 San Rafael Avenue and direct staff to assume the property management responsibilities or to issue a Request for Proposals for a new property management company.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting.

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