



COUNCIL REPORT

DATE: May 13, 2025
CATEGORY: Consent
DEPT.: Public Works
TITLE: Lease Extension Approval, 909 San Rafael Avenue—APN 153-10-012

RECOMMENDATION

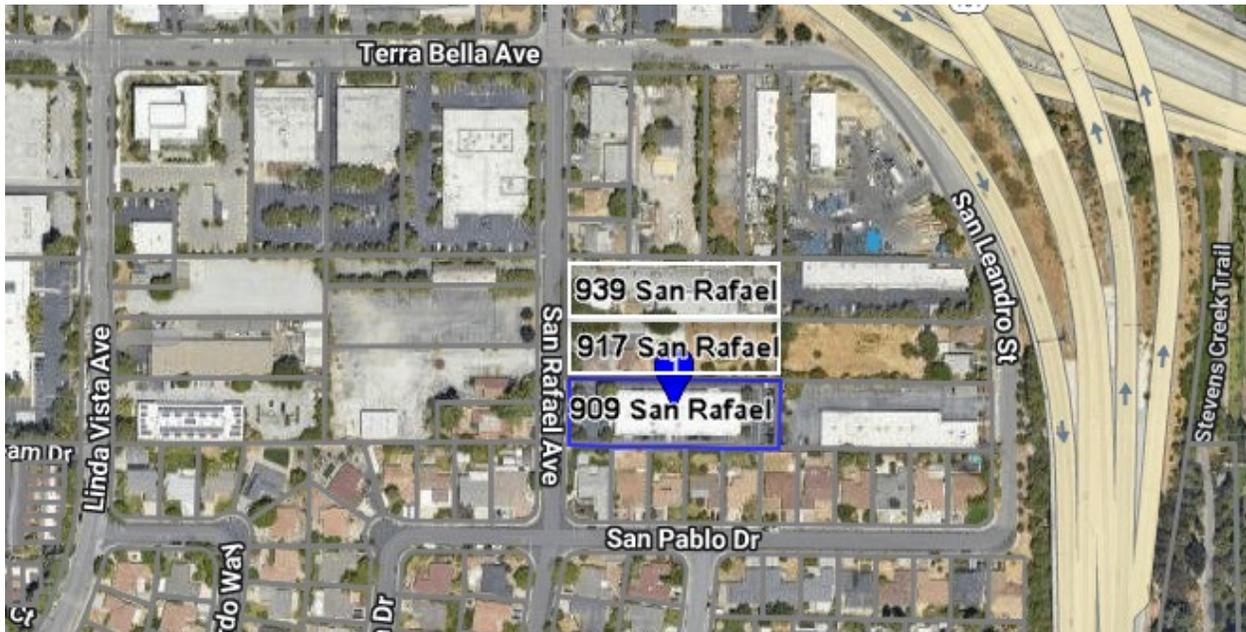
1. Authorize the City Manager or designee to execute a lease amendment with Dusty Robotics, Inc., a Delaware corporation, for 909 San Rafael Avenue (APN 153-18-012), to extend the term of the lease with a one-year renewal option and two six-month renewal options under the terms and conditions set forth in this Council report. For the first year, the gross annual rent will be \$553,104.
2. Authorize the City Manager or designee to execute any subsequent amendments, including the exercise of renewal options, provided there is no financial impact exceeding \$650,000 per year.

BACKGROUND

On [June 27, 2023](#), the City Council approved a lease with Dusty Robotics, Inc., a Delaware corporation, for 909 San Rafael Avenue, a City-owned office/R&D property acquired for a future park site in the Terra Bella neighborhood located in the Stierlin Park Planning Area (Figure 1). The property is a 0.87-acre parcel (37,897 square feet) and is improved with a 13,800 square foot, single-story building that was built in 1966. The lease commenced on October 1, 2023, with a one-year base term and one one-year renewal option. The current lease expires on September 30, 2025.

Dusty Robotics has expressed interest in extending tenancy beyond the initial term. Continuing to lease the property provides revenue for future park design and construction while keeping the property active until it is needed.

Council Policy A-10—Exhibit A, Schedule of Authorizations to Sign City Contracts and Agreements and Increase Appropriations for Grants, Donations, and Reimbursed Expenditures, specifies that Council approval is required for leases of City real property to and from others over \$500,000 in annual rent.



**Figure 1: Location of 909 San Rafael Avenue
(917 and 939 San Rafael Avenue are City-Owned and Will Also be Part of the Future Park Site)**

ANALYSIS

The tenant has performed well under the lease, maintaining timely rent payments and compliance with all lease requirements. Staff recommends extending the lease term through an amendment that also includes two short-term renewal options, providing both parties flexibility. This will ensure continued revenue generation with minimal vacancy risk as park plans progress.

The proposed rental rates reflect a modest escalation aligned with market trends and inflation.

Lease Term Summary

Lease Term	Period	Base Rent (per rentable sf/month)	Notes
Current Lease	October 1, 2023— September 30, 2025	\$3.24	Approved by Council in 2023
Lease Amendment	October 1, 2025— September 30, 2026	\$3.34	One-year extension
1st Option to Renew	October 1, 2026— March 31, 2027	\$3.45	Six-month optional extension
2nd Option to Renew	April 1, 2027— September 30, 2027	\$3.45	Additional six-month option

FISCAL IMPACT

The lease amendment is projected to generate approximately \$1,12 million in base rent revenue over the two-year period from October 1, 2025 through September 30, 2027, assuming both six-month renewal options are exercised. Since funding from the Park Land Dedication Fund from the Stierlin Park and Open Space area was used to acquire the site, the rent revenue will be deposited into the Park Land Dedication Fund for this park area to be used to help fund the design and construction of a new park on San Rafael. The lease remains triple-net, with Dusty Robotics responsible for janitorial, utilities, interior maintenance, security, and possessory interest taxes. The City recovers common area maintenance expenses.

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: 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. Approve different lease terms.
2. Decline to extend the lease and prepare to vacate the property after September 2025.
3. Provide alternative direction to staff.

PUBLIC NOTICING—Agenda posting and a copy of the report was sent to Dusty Robotics, Inc.

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ALM-JN/LL/4/CAM
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