



September 7, 2023

TO: LOCSD Board of Directors
FROM: Ron Munds, General Manager
SUBJECT: **Agenda Item 11F – 09/07/2023 Board Meeting**
Approve Addendum 2 to Commercial Lease Agreement for District Offices

President
Charles L. Cesena

Vice President
Marshall E. Ochylski

Directors
Matthew Fourcroy
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DESCRIPTION

Approval of an addendum to the commercial lease agreement between George C. Contento, Lessor/Landlord and the Los Osos Community Services District, Lessee/Tenant.

STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, Staff recommends that the Board adopt the following motion:

Motion: I move that the Board approve Addendum Two to the Commercial Lease Agreement and authorize General Manager to execute the Agreement on behalf of the District.

DISCUSSION

In 2016, the District executed a lease Suite 102 and Suite 202 at the District's current location. In 2019, the District negotiated with Mr. Contento, the property owner, to move into suites 106 and 110. An addendum to the original lease was approved along with lease extension which expires on October 31, 2023.

The current rent is \$3,000 per month and has not increased in four years. Mr. Contento is proposing a four-year extension of the lease with an increase in rent to \$3,400. All other terms of the lease are to remain in full force and affect. Staff concurs with the request since rent increase is reasonable considering the higher costs for sewer, water and trash. Additionally, the new agreement would lock in the rent rate for four years.

FINANCIAL IMPACT

The proposed rent of \$3,400 will increase the cost to the District by \$4,800 per year. For this fiscal year, the increase will be \$2,400 since the increase does not take effect until November 1, 2023. When mid-year budget adjustments are considered by the Board in February 2024, staff will present options for balancing the Fund 100 Administration budget at that time.

Attachment

Addendum 2 to the Lease Agreement

ADDENDUM TO TERMS AND CONDITIONS OF
COMMERCIAL LEASE AGREEMENT

This Addendum is made and entered into the day of September 2023 (and effective November 1, 2023) by and between the Los Osos Community Services District and George Contento hereinafter referred to as "Landlord".

This Addendum refers to the Commercial Lease Agreement between the parties, dated for reference only, October of 2016 and beginning November 1, 2016. This Lease has one prior Addendum, dated January 10, 2019.

Paragraph 2-A is amended, the Lease shall terminate on October, 31, 2027.

Paragraph 3-A is amended, the Base Rent shall be \$3,400.00 per month for the period commencing on November 1, 2023 and ending on October 31, 2027.

All other terms and conditions of the Commercial Lease Agreement and subsequent Addendum remain in full force and effect.

Dated:

Landlord, George Contento



Dated:

Ron Munds, LOCS D General Manager

Dated:

Los Osos Community Services District