



STAFF REPORT

AGENDA NO: 9j

MEETING DATE: July 7, 2025

To: Honorable Mayor and City Council

Date: July 7, 2025

From: Lisa Goldman, City Manager – (650) 558-7204
Michael Guina, City Attorney – (650) 558-7243
Jeremy Kirshner, Assistant to the City Manager – (650) 558-7229

Subject: Adoption of a Resolution Authorizing the City Manager to Negotiate and Execute a First Amendment to the Lease Agreement with 1440 Chapin Owner LLC for 1440 Chapin Avenue

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to negotiate and execute a First Amendment to the Lease Agreement with 1440 Chapin Owner LLC for 1440 Chapin Avenue (1440 Chapin).

BACKGROUND

On February 18, 2025, the Council adopted Resolution No. 015-2025, authorizing the City Manager to negotiate and execute a Lease Agreement, Purchase and Sale Agreement, and a Tenant Improvement Agreement for 1440 Chapin. On February 24, 2025, the City Manager executed all of the aforementioned agreements.

Pursuant to the terms of the Lease Agreement, the City would occupy 26,522 square feet of the building, including the entire third floor, one suite on the second floor, and one suite on the first floor.

Staff then worked with Group 4 Architecture, Research + Planning, Inc. (Group 4) on schematic designs for tenant improvements for all of the leased office space. At the June 2, 2025, City Council meeting, Group 4 presented the schematic designs to the City Council. While the City Council approved of the schematic designs for the second and third floors, the City Council was not in favor of the first floor location for the Council Chambers as the space is not large enough and does not receive enough natural light. Accordingly, the City Council directed staff to explore alternative options for the Council Chambers.

DISCUSSION

The Lease Agreement currently states that the building owner must deliver the entire leased premises, including the suite on the first floor, by the date tenant improvements will commence.

Since the City no longer plans to utilize the leased first floor suite as the Council Chambers, the City must amend the Lease Agreement in order to allow a tenant to remain in the space.

The first floor suite is currently occupied by Pure Barre, an exercise studio. The First Amendment to the Lease Agreement will allow the building owner and/or the City to either extend Pure Barre's lease or enter into a new lease with a different tenant.

FISCAL IMPACT

The costs associated with this First Amendment are unknown at this time.

Exhibits:

- Resolution
- Lease Agreement