

RESOLUTION NO. 2026-130

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE FINDING THE ACQUISITION OF THE PROPERTY LOCATED AT 9324 W. STOCKTON BOULEVARD [APN 116-0860-008] AND 9327 OFFICE PARK CIRCLE [APN 116-0860-051] EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND CONSISTENT WITH THE CITY OF ELK GROVE GENERAL PLAN; RATIFYING THE PURCHASE AND SALE AGREEMENT WITH PFZ LLC, A CALIFORNIA LIMITED LIABILITY COMPANY; BRZ LLC, A CALIFORNIA LIMITED LIABILITY COMPANY; SCZ LLC, A CALIFORNIA LIMITED LIABILITY COMPANY; DJZ PROP LLC, A CALIFORNIA LIMITED LIABILITY COMPANY; MWZ PROP LLC, A CALIFORNIA LIMITED LIABILITY COMPANY; TEZ PROP LLC, A CALIFORNIA LIMITED LIABILITY COMPANY; JLZ PROP LLC, A CALIFORNIA LIMITED LIABILITY COMPANY; AND NJZ LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (OWNER) FOR THE PROPERTY LOCATED AT 9324 W. STOCKTON BOULEVARD [APN 116-0860-008] AND 9327 OFFICE PARK CIRCLE [APN 116-0860-051]; DISPENSING WITH THE FORMAL REQUEST FOR PROPOSAL PROCEDURE PURSUANT TO ELK GROVE MUNICIPAL CODE SECTION 3.42.140(B)(3) AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND ENTER INTO A PROPERTY MANAGEMENT CONTRACT WITH B&Z PROPERTIES IN A FORM ACCEPTABLE TO THE CITY ATTORNEY TO MANAGE THE PROPERTY AT 9324 W. STOCKTON BOULEVARD AND 9327 OFFICE PARK CIRCLE; AND AMENDING THE FISCAL YEAR 2025-26 BUDGET IN THE AMOUNT OF \$4,960,000

WHEREAS, PFZ LLC, a California limited liability company; BRZ LLC, a California limited liability company; SCZ LLC, a California limited liability company; DJZ PROP LLC, a California limited liability company; MWZ PROP LLC, a California limited liability company; TEZ PROP LLC, a California limited liability company; JLZ PROP LLC, a California limited liability company; and NJZ LLC, a California limited liability company (Owner) acquired the property located at 9324 W. Stockton Boulevard [APN 116-0860-008] and 9327 Office Park Circle [APN 116-0860-051] (the Property); and

WHEREAS, the Property is two contiguous parcels: 9324 W. Stockton Boulevard, is a 1.16-acre parcel improved with a 16,270 GSF building, and 9327 Office Park Circle, a 0.64-acre parcel improved as a parking lot, located adjacent of City Hall on the east; and

WHEREAS, on March 25, 2026, the City Council authorized staff to negotiate the purchase of the Property for potential future facility expansion needs and presently as an investment opportunity; and

WHEREAS, consistent with the authority provided by City Council, staff negotiated a purchase price of \$4,939,000 for the Property plus associated closing costs; and

WHEREAS, the Property is fully leased to Kaiser Foundation Health Plan, Inc. (Kaiser) and their lease has been extended through September 30, 2031, at the current rent of \$32,238 per month and increases to \$35,497 per month on October 1, 2026. The annual lease income from October 1, 2026, through September 30, 2027, will be \$425,964 and increases annually by 3%; and

WHEREAS, Kaiser's lease contains two five-year options to extend and if Kaiser elects to extend their lease through both option periods their lease would expire on September 30, 2041; and

WHEREAS, the estimated Cap Rate ranges from 6.31% in year one and increases to 7.10% by year 5 of Kaiser's lease; and

WHEREAS, to manage the Property, staff recommends that the City Council find that the formal request for proposal procedure required for procurement of general services with a value in excess of \$50,000 is not in the best interest of the City and authorize the City Manager to negotiate and enter into a property management contract with the existing property management team, B&Z Properties, Inc. in a form acceptable to the City Attorney and in an amount not to exceed the amount budgeted for such services in the approved annual budget.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Elk Grove hereby finds that the acquisition of the Property located at 9324 W. Stockton Boulevard (APN 116-0860-008) and 9327 Office Park Circle (APN 116-0860-051) is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption) based upon the following finding:

Finding The acquisition of the Property is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

Evidence: CEQA Guidelines section 15061(b)(3) states that an activity is covered by the Common Sense Exemption where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. There is no possibility that the proposed property acquisition will result in a physical change in the environment. The acquisition of the Property does not approve any development project, nor does it disturb the physical environment. Any future development of the site would be subject to review under Title 23 of the Elk Grove Municipal Code (Zoning) and CEQA. Therefore, the proposed purchase is exempt from CEQA review;

AND, BE IT FURTHER RESOLVED, that the City Council finds the acquisition of the Property located at 9324 W. Stockton Boulevard (APN 116-0860-008) and 9327 Office Park Circle (APN 116-0860-051) consistent with the City's General Plan as required by Elk Grove Municipal Code Section 23.10.030 and Government Code Section 65402(a) based upon the following finding:

Finding The acquisition of the Property is consistent with the General Plan.

Evidence: The acquisition of the Property is consistent with the General Plan as it supports public safety Goal SAF-1: A Safe Community, by supporting the necessary facilities for expansion of police and City services and it supports Goal CIF-5; Community Facilities that serve the needs of the community, by supporting the future expansion of City Facilities;

AND, BE IT FURTHER RESOLVED, that the City Council of the City of Elk Grove hereby ratifies the Purchase and Sale Agreement, in substantially the form presented, including all associated documents necessary to complete the purchase of the Property located at 9324 W. Stockton Boulevard (APN 116-0860-008) and 9327 Office Park Circle (APN 116-0860-051), in the amount of \$4,939,000, together with associated closing costs and property managements fees not to exceed \$21,000 for a total estimated acquisition cost not to exceed \$4,960,000;

AND, BE IT FURTHER RESOLVED, that the City Council of the City of Elk Grove hereby authorizes the City Manager to execute all documents and take all actions reasonably necessary to close escrow on the purchase of the Property;

AND, BE IT FURTHER RESOLVED, that the City Council of the City of Elk Grove hereby dispenses with the formal request for proposal procedure pursuant to Elk Grove Municipal Code Section 3.42.140(B)(3) and authorizes the City Manager to negotiate and enter into a property management contract with B&Z Properties in a form acceptable to the City Attorney to manage the property at 9324 W. Stockton Boulevard (APN 116-0860-008) and 9327 Office Park Circle (APN 116-0860-051) and in an amount not to exceed the amount budgeted for such services in the approved annual budget, notwithstanding that the aggregate amount of such agreement(s) may exceed the City Manager's otherwise applicable contracting authority.

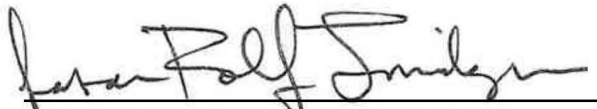
AND, BE IT FURTHER RESOLVED, that the City Council of Elk Grove hereby approves an amendment to the Fiscal Year 2025-26 Budget in the amount of \$4,960,000 to fund the acquisition of the Property and associated transaction costs.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 24th day of June 2026




BOBBIE SINGH-ALLEN, MAYOR of the
CITY OF ELK GROVE

ATTEST:


JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:


JONATHAN P. HOBBS,
CITY ATTORNEY

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2026-130

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)

I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on June 24, 2026 by the following vote:

AYES: **COUNCILMEMBERS:** *Singh-Allen, Suen, Brewer, Robles, Spease*

NOES: **COUNCILMEMBERS:** *None*

ABSTAIN: **COUNCILMEMBERS:** *None*

ABSENT: **COUNCILMEMBERS:** *None*



Jason Lindgren, City Clerk
City of Elk Grove, California