



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: A 25-424

November 04, 2025

Introduced: 10/13/2025

Current Status: Health Department -
Consent

Version: 1

Matter Type: BoS Agreement

- a. Approve and authorize the Contracts & Purchasing Officer or designee to execute a ten (10) year Lease Agreement, effective December 1, 2025 or upon issuance of a certificate of occupancy from the City of Salinas and County's final walk through and approval of all Premise Improvements (Lease Commencement Date), whichever is later, with San Jose Ave. Apartments, LLC. (Lessor), for approximately 12,986 rentable square feet of space at 559 East Alisal Street, Suites 106, 107, 108 & Salinas, California, for use by the Health Department's Clinic Services Bureau (Health); and
- b. Authorize the Auditor-Controller to make lease payments starting at \$34,161 per month, for twelve (12) months, upon issuance of a certificate of occupancy from the City of Salinas, final walk through, and approval of all Premise Improvements, whichever is later, in accordance with the terms and adjusted rent schedule as outlined in the Lease Agreement.

RECOMMENDATION:

It is recommended that the County of Monterey Board of Supervisors:

- a. Approve and authorize the Contracts & Purchasing Officer or designee to execute a ten (10) year Lease Agreement, effective December 1, 2025 or upon issuance of a certificate of occupancy from the City of Salinas and County's final walk through and approval of all Premise Improvements (Lease Commencement Date), whichever is later, with San Jose Ave. Apartments, LLC. (Lessor), for approximately 12,986 rentable square feet of space at 559 East Alisal Street, Suites 106, 107, 108 & Salinas, California, for use by the Health Department's Clinic Services Bureau (Health); and
- b. Authorize the Auditor-Controller to make lease payments starting at \$34,161 per month, for twelve (12) months, upon issuance of a certificate of occupancy from the City of Salinas, final walk through, and approval of all Premise Improvements, whichever is later, in accordance with the terms and adjusted rent schedule as outlined in the Lease Agreement.

SUMMARY:

The Clinic Services Bureau has occupied 559 East Alisal in Salinas, California (Premises) since 2001 and operates as the Alisal Health Center. The Alisal Health Center is designated as a Federally Qualified Health Center and, as a requirement of its licensure, must remain located in the area of the population it serves. Situated in the heart of East Salinas and within walking distance of its patient population, Alisal Health Center also offers convenient access to public bus lines and a secured parking garage for staff. Due to its proximity to community residents, the clinic serves approximately 34,000 patients annually and is the second-largest outpatient clinic operated by the County. Notably, this facility has not undergone tenant improvements in over a decade; the planned upgrades will enhance patient flow and provide a more comfortable experience for both patients and staff.

Approval of this Lease Agreement will provide Clinic Services with occupancy through October 1, 2034, or upon issuance of a certificate of occupancy from the City of Salinas, Health's final walkthrough, and approval of all Premise Improvements, whichever is later, ensuring continued occupancy of approximately 12,986 rentable square feet.

DISCUSSION:

The monthly rent shall be \$34,160.57, consisting of a base rent of \$2.25 per square foot per month for clinic and medical offices, plus a cost not to exceed \$0.38 per square foot for the amortized Premise Improvement Allowance payment. Subject to the State constitutional debt limitation provisions, Health shall have the option to either reimburse Lessor for the Premise Improvement Allowance within sixty (60) days of receipt from Lessor or request that Lessor amortize the Premise Improvement Allowance at a rate of five and one-half percent (5.5%) over a ten (10) year term.

Additionally, Health shall have the option to reimburse Lessor with a one-time lump sum payment for contingency costs to address unforeseen costs, not to exceed \$142,845. Subject to the State constitutional debt limitation provisions, Health shall reimburse Lessor for such contingency costs within sixty (60) days of completion of the Premise Improvements, subject to approval by the Health Department Facilities Manager. The contingency funds shall be expended only upon the mutual written agreement of Lessor and Health and shall be applied solely to address unforeseen conditions or circumstances arising from improvements to the Premises.

The Lease Agreement provides for two (2), three (3) year extension options under the same terms and conditions. A "Termination by County" clause and the County's standard insurance and indemnity provisions are incorporated in the Lease Agreement.

The identified facility continues to provide Alisal Health Center operations with needed clinical and medical office space for patients and staff, and the monthly rent is considered cost-effective when compared to relocating or constructing a new facility in a similar facility in the East Alisal Community of Salinas. These spaces are vital for the Clinic's provision of services to the residents of the local community and neighboring areas.

OTHER AGENCY INVOLVEMENT:

The Department of Public Works, Facilities, and Parks (PWFP) assisted with the development of this report and proposed Lease Agreement. The Office of the County Counsel and the Auditor-Controller's Office have reviewed and approved the proposed Lease Agreement as to form and fiscal provisions, respectively.

FINANCING:

There is no financial impact to the General Fund resulting from the approval of the proposed Agreement. Sufficient funds are available in the Health Department, Clinic Services Bureau (4000-HEA007) FY 2025-26 Adopted Budget and provision for it will be made in the Department's Requested Budget for future years out.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:

This agreement will create easier access to healthcare for underserved populations in the community,

aligning with the Strategic Plan Goal of Well-Being and Quality of Life.

Mark a check next to the related Board of Supervisors Strategic Plan Goals:

- ☒ Well-Being and Quality of Life
- ☐ Sustainable Infrastructure for the Present and Future
- ☐ Safe and Resilient Communities
- ☐ Diverse and Thriving Economy

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Reviewed by: Alfredo Belman, Project Manager I, 755-4830

Reviewed by: George Salcido, Real Property Specialist/PWFP, 755-4859

Approved by: Elsa Mendoza Jimenez, Director of Health Services, 755-4526

Attachments:

Board Report

Lease Agreement