



Monterey County

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Board Report

Legistar File Number: 15-1290

December 15, 2015

Introduced: 11/23/2015

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

- a. Approve and authorize the Contracts/Purchasing Officer to execute an eight (8) month Sublease Agreement, effective December 1, 2015, with Monterey County Business Council, for approximately 480 square feet of office space located at 3180 Imjin Road, Suite 102, in Marina, California, for use by the Workforce Development Board;
- b. Approve and authorize the Contracts/Purchasing Officer to execute the Consent to Sublease required by the primary lease landlord, the Regents of the University of California, containing non-standard terms;
- c. Direct the Auditor-Controller to make Sublease payments of \$830.00 per month in accordance with the terms of the Sublease Agreement;
- d. Authorize the Contracts/Purchasing Officer to extend the term of the Sublease Agreement for a maximum of two (2) years, with rent increases per year limited to 3% or actual Consumer Price Index for the San Francisco Bay Area, whichever is higher; and
- e. Authorize minor revisions to the Sublease Agreement if deemed to be in the best interests of the County by the Contracts/Purchasing Officer

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer to execute an eight (8) month Sublease Agreement, effective December 1, 2015, with Monterey County Business Council, for approximately 480 square feet of office space located at 3180 Imjin Road, Suite 102, in Marina, California, for use by the Workforce Development Board;
- b. Approve and authorize the Contracts/Purchasing Officer to execute the Consent to Sublease required by the primary lease landlord, the Regents of the University of California, containing non-standard terms;
- c. Direct the Auditor-Controller to make Sublease payments of \$830.00 per month in accordance with the terms of the Sublease Agreement;
- d. Authorize the Contracts/Purchasing Officer to extend the term of the Sublease Agreement for a maximum of two (2) years, with rent increases per year limited to 3% or actual Consumer Price Index for the San Francisco Bay Area, whichever is higher; and
- e. Authorize minor revisions to the Sublease Agreement if deemed to be in the best interests of the County by the Contracts/Purchasing

SUMMARY:

Approval of the proposed Sublease Agreement will provide for occupancy of approximately 480 square feet of space to be used by the Workforce Development Board for training and support to area employer's and job seekers. The sublease term will commence on December 1, 2015 and expire on July 31, 2016. Rent will be \$830.00 per month. If the primary tenant, Monterey County Business Council (MCBC) extends the term of its lease, it is recommended that the Board authorize continuance of the Sublease Agreement for a maximum of 2 years, with rent increases per year subject to either 3% or Actual Consumer Price Index for the San Francisco Bay Area, whichever is higher. Either party may terminate the sublease upon a 30-day written notice.

DISCUSSION:

The Economic Development Department Workforce Development Board (WDB) requests authorization to enter into a Sublease at 3180 Imjin Road, Marina, CA, Suite 102 as sublessee to the Monterey County Business Council. The WDB will use these premises as an Employment Center lab and for staff cubicles; it will offer America's Job Center services and Ambassador's for Peace program services to youth ages 16-24. It will also use the premises to provide services to Adults/Dislocated workers, with priority afforded to veterans and their eligible spouses.

The WDB currently operates at 1760 Fremont Blvd., Suite D2 in Seaside, California. This proposed location, on Imjin Road, offers a cost savings of \$25,920 per year minus \$8,723.26 which includes all Data Network Hardware & Services. Moreover, the WDB concludes that the 3180 Imjin Road location is in a better position to serve the WDB's clientele.

The current primary lease between MCBC and its landlord, the Regents of the University of California (U.C. Regents), will expire July 31, 2016, subject to renewal at the end of the initial lease term. If the prime lease is renewed between MCBC and the U.C. Regents, it is recommended that the Contracts/Purchasing Officer be authorized to continue the term of this Sublease Agreement for a maximum of two additional years.

The current primary lease between MCBC and the U.C. Regents requires the consent of the U.C. Regents to any sublease proposed by MCBC. The consent to sublease required by the U.C. Regents contains non-standard indemnity provisions and terms limiting the liability of the U.C. Regents. It is recommended that the Board agree to these non-standard terms.

OTHER AGENCY INVOLVEMENT:

The Department of Public Works facilitated negotiations regarding the Sublease Agreement, and assisted with the development of this report. The Office of the County Counsel has reviewed and approved the Sublease Agreement as to form and legality, and Risk Management has approved it as to insurance and indemnification provisions.

The prime lease between MCBC and the U.C. Regents requires that the U.C. Regents consent to any sublease. The Office of the County Counsel does not approve the Consent to Sublease due to inclusion of the following non-standard terms: limitations on the liability of the U.C. Regents to the value of the building and exclusion of other assets from judgments; requirement that the County indemnify and hold the U.C. Regents harmless for specified liabilities arising out of the sublease. The U.C. Regents is willing to consent to the Sublease agreement between the County and MCBC on these terms. Risk Management has reviewed the Consent to Sublease and has approved the proposed agreement.

FINANCING:

There is no additional impact to the General Fund. Sufficient funds are available in the FY 2015-16 Economic Development Budget Unit 8427, Fund 007. On-going occupation of the subleased premises will be based on the continued availability of funding. The first eight month leasing cost will amount to \$6,640.00 MCBC will be responsible for costs associated with property taxes and assessments, fire insurance, maintenance, repairs, and utilities. The rent due during initial term of the prime lease between MCBC and the U.C. Regents will be subject to an annual 3% increase, or Actual CPI for the San Francisco Bay, whichever is higher, at the end of each anniversary year of the Master lease, if the prime lease is extended. If the County's sublease of the property is extended beyond July 31, 2016, its rent will likewise be subject to this increase.

Prepared by:

Approved by:

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ATTACHMENTS:

- Consent to Sublease between the Regents of the University of California, Monterey County Business Council and County of Monterey