



County of Monterey

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

Board Report

File #: A 13-023, **Version:** 1

- a. Approve and authorize the Contracts/Purchasing Officer to execute a three year Lease Agreement, effective on January 1, 2013, with 559 E. Alisal Street, LLC, for approximately 10,964 rentable square feet of space located at 559 East Alisal Street, Suite 200, in Salinas, California, for use by the Health Department's Clinic Services Bureau; and
- b. Authorize the Auditor-Controller to make lease payments of \$17,794.57 per month and in accordance with the terms of the Agreement.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer to execute a three year Lease Agreement, effective on January 1, 2013, with 559 E. Alisal Street, LLC, for approximately 10,964 rentable square feet of space located at 559 East Alisal Street, Suite 200, in Salinas, California, for use by the Health Department's Clinic Services Bureau; and
- b. Authorize the Auditor-Controller to make lease payments of \$17,794.57 per month and in accordance with the terms of the Agreement.

SUMMARY/DISCUSSION:

Approval of this new Lease Agreement will provide for the continued occupancy of approximately 10,964 rentable square feet of clinic and medical office space used by the Health Department's Clinic Services Bureau (Bureau). The lease term will commence on January 1, 2013, and expire on December 31, 2015. Protracted negotiations have delayed the finalization of this Agreement until now. Commencement rent will be \$17,794.57 per month.

The Bureau has occupied this space since 2001 and operates it as the Alisal Health Center. The Alisal Health Center is designated as a Federally Qualified Health Center Look-Alike and, as a requirement of its licensure, must remain located in the area of the population it serves. In addition to being located within walking distance of its patient population, this building offers adequate clinic space, access to bus lines and a secured parking garage for staff.

This new Lease Agreement replaces agreement No. A-08547 under which we currently occupy this building. The replacement agreement requires the property owner to make several improvements to the facilities and resolves certain long-standing issues, such as parking and credit for floor repair costs the County incurred when it last recovered certain premise floors. The Lease Agreement provides for the following: changes the Lessor's name from La Paz Partners to 559 E. Alisal Street, LLC; combines Suites 200-203 into Suite 200; specifies certain obligations of Lessor to replace, repair and maintain its property; clarifies premise improvement credit owed to the County by the landlord and addresses the County's overpayment of \$13,478.42 for landlord to use to replace flooring and repainting as detailed in the lease. A copy of the Lease Agreement is on file with the Clerk to the Board.

OTHER AGENCY INVOLVEMENT:

The Department of Public Works facilitated the negotiations of the Lease Agreement, and assisted with the

development of this report. The Office of the County Counsel has reviewed and approved the Lease Agreement as to form and legality and Risk Management has approved it as to insurance and indemnity.

FINANCING:

Sufficient funds are available in FY 2012-13 Health Department, Clinic Services Bureau's Budget, Fund 001, Unit 8097 Appropriation Unit HEA007. On-going occupation of the leased premises and future extensions of the Lease Agreement will be based on the continued availability of funding. The first-year leasing cost will amount to \$213,534.84. The initial term leasing costs will be subject to a 2% increase at the end of each lease anniversary year.

Prepared by: Sheena Morales, Management Analyst III, 1393

Approved by: Ray Bullick, Director of Health, 4526

Attachment:

Standard Lease Agreement is on file with the Clerk of the Board