



County of Monterey

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

Board Report

File #: A 14-012, **Version:** 1

- a. Approve and authorize the Contracts/Purchasing Officer to execute a five-year Lease Agreement, effective February 1, 2014, with SIBS, A Limited Partnership, for 16,110 square feet of general office and warehouse space at 632 East Alisal Street, Salinas, California, for use by the Health Department's Public Health Bureau's Women, Infants, and Children Nutrition Program;
- b. Authorize the Auditor-Controller to make lease payments of \$14,664.93 per month and in accordance with the terms of the Lease Agreement; and
- c. Authorize the extension of the Lease Agreement for two additional five-year periods under the same terms and conditions and make minor revisions to the Lease Agreement if deemed by the Contracts/Purchasing Officer to be in the best interests of the County.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer to execute a five-year Lease Agreement, effective February 1, 2014, with SIBS, A Limited Partnership, for 16,110 square feet of general office and warehouse space at 632 East Alisal Street, Salinas, California, for use by the Health Department's Public Health Bureau's Women, Infants, and Children Nutrition Program;
- b. Authorize the Auditor-Controller to make lease payments of \$14,664.93 per month and in accordance with the terms of the Lease Agreement; and
- c. Authorize the extension of the Lease Agreement for two additional five-year periods under the same terms and conditions and make minor revisions to the Lease Agreement if deemed by the Contracts/Purchasing Officer to be in the best interests of the County.

SUMMARY/DISCUSSION:

The Health Department's Public Health Bureau's Women, Infants, and Children Nutrition Program (WIC) has occupied 16,110 square feet of general office and warehouse space at 632 East Alisal Street, Salinas, California since February 1, 2002, under two separate lease agreements with SIBS, A Limited Partnership. Both leases expired on January 31, 2012. WIC desires to combine the two Lease Agreements and remain at this location under the terms and conditions of a new Lease Agreement. Approval of the new Lease Agreement will provide WIC with continued occupancy through January 31, 2019. The monthly rent for the initial lease term will commence at \$14,664.93 and be subject to annual rental adjustments of one percent (1%). The Landlord shall perform Premise Improvements in accordance with plans and specifications at a cost not to exceed \$48,000. Said improvement costs will be amortized over the five year term of the Lease Agreement at 5% interest and will be included in monthly lease payment until fully amortized. Premise improvements will include costs associated with architectural, engineering, building permits and fees, and inspections. A "Termination by County" clause (with reimbursement for up to \$48,000 in unamortized premise improvement costs) is incorporated in the Lease Agreement.

The Health Department has appropriated sufficient funds to pay the approximate amount of unamortized premise improvements of \$48,000. As the unamortized balance of premise improvements declines, the encumbered amount will be correspondingly reduced.

The Lease Agreement also provides for two additional five-year periods under the same terms and conditions,

including annual rental adjustments between one percent (1%) and three percent (3%), depending on U.S. Department of Labor Consumer Price Indexes. The identified facility continues to provide WIC operations with needed general office and warehouse space, and the monthly rent is considered cost effective when compared to relocating to a similar facility in the East Alisal Community of Salinas.

OTHER AGENCY INVOLVEMENT:

The Department of Public Works advised the Health Department for its development of the Lease Agreement. 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. Due to late submission of this Board Report, the CAO Budget and Analysis Division was not provided adequate time to fully review for potential fiscal, organizational, policy, or other implications to the County of Monterey.

FINANCING:

Sufficient funds are available in the Health Department, Public Health Bureau's (001-4000-HEA003-8124) FY 2013-14 Adopted Budget. The first year leasing cost for will amount to \$175,979.16 excluding janitorial, utility, and phone/data services. The initial term leasing costs will be subject to an increase of one percent (1%) at the end of each lease anniversary year. Any Extended Term will be subject to annual rent adjustments between one percent (1%) and three percent (3%), depending on U.S. Department of Labor Consumer Price Indexes. On-going occupation of the leased premises and future extensions of the Lease Agreement will be based on the continued availability of funding.

Prepared by: Elsa Jimenez, Assistant Director of Health, 4743

Approved By: Ray Bullick, Director of Health, 4526

Attachments:

Lease Agreement and Location Map are on file with the Clerk of the Board