



County of Monterey

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

Board Report

File #: A 16-087, **Version:** 1

- a. Approve and authorize the Contracts/Purchasing Officer to execute a five (5) year Lease Agreement, effective upon issuance of a Certificate of Occupancy, with James L. Gattis and Calvin J. Barlocker, dba The Central Building, for approximately 4,227 square feet of space located at 234 Monterey Street, in Salinas, California, for use by the Department of Social Services for the Family and Children Services Branch;
- b. Direct the Auditor-Controller to make Lease payments as may be adjusted of \$7,748 per month in accordance with the terms of the Lease Agreement;
- c. Authorize the Contracts/Purchasing Officer to extend the term of the Lease, subject to two (2) three (3) year options to extend the Lease Agreement for a maximum of six (6) additional years, subject to the terms of the Lease Agreement.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer to execute a five (5) year Lease Agreement, effective upon issuance of a Certificate of Occupancy, with James L. Gattis and Calvin J. Barlocker, dba The Central Building, for approximately 4,227 square feet of space located at 234 Monterey Street, in Salinas, California, for use by the Department of Social Services for the Family and Children Services Branch;
- b. Direct the Auditor-Controller to make Lease payments as may be adjusted of \$7,748 per month in accordance with the terms of the Lease Agreement;
- c. Authorize the Contracts/Purchasing Officer to extend the term of the Lease, subject to two (2) three (3) year options to extend the Lease Agreement for a maximum of six (6) additional years, subject to the terms of the Lease Agreement.

SUMMARY/DISCUSSION:

This Lease will provide for occupancy of approximately 4,227 square feet of space to be used by the Department. The term of the Lease will commence upon issuance of a certificate of occupancy by the City of Salinas, and will continue for a period of five (5) years with no increases in rent for the Primary term. This Lease also provides for two (2) three (3) year options to extend the Lease term subject to a five percent (5%) increase in rent for the First Option to extend, and a three percent (3%) increase in rent for the Second Option to extend.

An "Expense Stop" based on the estimated annual costs of building maintenance and operation has been incorporated into the proposed Lease. The monthly rent including Amortized Tenant Improvements, but excluding the "Expense Stop" is not to exceed \$7,118 per month. The "Expense Stop" is currently \$630 per month. The "Expense Stop" is adjusted annually based on the preceding year and could increase or decrease depending on the actual costs for the year. Public Works has negotiated Tenant Improvements for the Facility, to include various improvements valued at an amount not to exceed \$167,220. However, if actual construction costs are lower, the County will be able to reduce the Monthly Rent. The Lessor has agreed to contribute a Tenant Improvement Allowance of \$25,200 at no cost to the County, to reduce the costs of the Tenant Improvements.

Per Article 5 of the Lease A "Termination by County" clause is incorporated in the Lease Agreement, so long as

the County pays 75% of the unamortized costs of the Tenant Improvements, which will not exceed \$106,515. “*Should LESSEE so terminate, and subject to the debt limitation provisions of the California Constitution ARTICLE XVI, Section 18, LESSEE shall pay in one lump sum payment Seventy Five percent (75%) of the unamortized Premise Improvement costs incurred by LESSOR in connection with the Premise Improvements, as referenced in ARTICLE 6, Section 6.2. Said payment shall be within thirty (90) days of LESSEE’S vacancy of the Premises and shall not exceed \$106,515.*”

Occupancy of the identified facility offers proximity to the Court, Americans with Disabilities Act (ADA) access, and is cost effective.

OTHER AGENCY INVOLVEMENT:

The Department of Public Works facilitated negotiations regarding 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 indemnification provisions.

FINANCING:

There is no financial impact to the General Fund. Funding is provided by Federal, State, realignment, and wrap around flex fund revenues. Sufficient funds are available in the FY 2015-16 Department of Social Services (001-5010-8262-SOC005) Adopted Budget and has been incorporated into the FY 2016-17 Requested Budget. On-going occupation of the leased premises will be based on the continued availability of funding. The annual leasing cost will not exceed a total of \$92,976. County IT infrastructure installation costs are estimated to be \$16,979. The Lessor will be responsible for costs associated with property taxes and assessments, fire insurance, maintenance, and repairs. The Lease term will have no increases in rent during the primary term.

Prepared by: Melissa A. Mairose, Finance Manager II, x4433

Approved by: Elliott Robinson, Director of Social Services, x4434

Attachments: Standard Lease Agreement for 234 Monterey Street, Salinas, CA
Original on file with Clerk to the Board