



County of Monterey

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

Board Report

File #: 19-0591, **Version:** 1

- a. Approve and authorize the Contracts/Purchasing Officer to execute Amendment 2 to Lease Agreement No. A-07545 ("Agreement" or "Lease Agreement") to renew the lease through June 30, 2026, with Salinas Airport Business Park, a general partnership for 42,094 square feet of general office and training space located at 730 La Guardia Street, Salinas, California, for use by the Department of Social Services;
- b. Direct the Auditor-Controller to make lease payments of \$73,664.50 per month, effective August 1, 2019, 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 Amendment 2 to Lease Agreement No. A-07545 ("Agreement" or "Lease Agreement") to renew the lease through June 30, 2026, with Salinas Airport Business Park, a general partnership for 42,094 square feet of general office and training space located at 730 La Guardia Street, Salinas, California, for use by the Department of Social Services;
- b. Direct the Auditor-Controller to make lease payments of \$73,664.50 per month, effective August 1, 2019, and in accordance with the terms of the Agreement.

SUMMARY/DISCUSSION:

The Department of Social Services (DSS) has occupied 42,094 square feet of general office and training space at 730 La Guardia Street, in the Salinas Airport Business Park, since October of 1998, under Lease Agreement No. A-07545 ("Agreement" or "Lease Agreement") with Salinas Airport Business Park Partners. The Agreement expired on October 21, 2018 and DSS has continued to occupy the space on a month to month hold over basis. DSS desires to remain at this location under the terms of the prior Lease Agreement. This action provides for the continued occupancy by DSS through June 30, 2026. The Resource Management Agency (RMA) negotiated the reduction in rent from \$84,188 to \$73,664.50 per month with no rent increases for the entire seven-year term of the extended Lease Agreement. This will create a \$126,282 rent payment savings for FY2019-20. As additional incentives to keep County occupancy, the property owner will; 1) contribute, at no cost to the County, a \$125,000 Premises Improvement Allowance. These funds may be used to reconfigure and improve the facility per DSS approved specifications; 2) install a new energy efficient roofing system and install a new energy efficient heating, ventilation and air conditioning (HVAC) system, to help reduce energy costs, 3) perform minor Americans with Disability Act (ADA) upgrades, and 4) forgive an estimated \$110,000 in alleged past due rent. A "Termination by County" clause is incorporated in the Lease Agreement. The identified facility continues to provide DSS operations with needed general office and training space and the monthly rent is considered cost effective when compared to relocating to a similar facility in the Salinas area.

Currently, the Workforce Development Board (WDB) and State of California Employment Development Department (EDD) continue to share space with DSS in the building. The WDB has future plans of moving to another building downtown and EDD shall move to the same location to maintain a One-Stop Career Center. DSS has plans to shift staff to this location and alleviate the over-crowding of staff at the Life Foundation Building.

OTHER AGENCY INVOLVEMENT:

The Resource Management Agency negotiated the proposed Amendment 2 to renew the lease and assisted with

the development of this report. The Office of the County Counsel-Risk Management has reviewed the proposed Amendment 2 as to form and legality.

FINANCING:

There are sufficient appropriations and estimated revenues in the Department of Social Services FY 2019-20 Adopted Budget 001-5010-8262-SOC005. The annual leasing cost will total \$883,974. The property owner will be responsible for costs associated with property taxes and assessments, fire insurance, regular maintenance and structural repairs, as needed. The ongoing occupation of the leased premises will be based on the continued availability of funding. Monthly rent will remain the same throughout the seven-year term of the extended Lease Agreement.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The proposed Lease Agreement correlates to the Administration and Health & Human Services Strategic Initiative adopted by the Board of Supervisors by allowing the Department to more efficiently serve welfare recipients.

Mark a check to the related Board of Supervisors Strategic Initiatives

☐ Economic Development
☒ Administration
☒ Health & Human Services
☒ Infrastructure
☐ Public Safety

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Approved by: Henry Espinosa, Acting Director of Social Services x4430

Attachments: Original Lease Agreement, Amendment 1, Amendment 2 (Proposed)
Location Map

Attachments are on file with the Clerk of the Board