



County of Monterey

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

Board Report

File #: A 17-059, **Version:** 1

- a. Approve and authorize the Contracts/Purchasing Officer to execute a ten (10) year Lease Agreement, commencing upon issuance of a Certificate of Occupancy from the City of Salinas, between the County and the Gail A. English and Michael P. English Trust Dated October 1, 1987 for approximately 9,745 rental square feet of general office space located at 1870 North Main Street, Salinas, California for use by the Health Department's Behavioral Health Bureau. The lease term will commence on or around June 1, 2017, and expire on or around May 31, 2027; and
- b. Authorize the Auditor-Controller to make lease payments of \$18,410.77 per month in accordance with the terms of the Lease Agreement; and
- c. Authorize the extension of the Lease Agreement for two (2) additional three-year terms under the same terms and conditions if deemed to be in the best interest 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 a ten (10) year Lease Agreement, commencing upon issuance of a Certificate of Occupancy from the City of Salinas, between the County and the Gail A. English and Michael P. English Trust Dated October 1, 1987 for approximately 9,745 rental square feet of general office space located at 1870 North Main Street, Salinas, California for use by the Health Department's Behavioral Health Bureau. The lease term will commence on or around June 1, 2017, and expire on or around May 31, 2027; and
- b. Authorize the Auditor-Controller to make lease payments of \$18,410.77 per month in accordance with the terms of the Lease Agreement; and
- c. Authorize the extension of the Lease Agreement for two (2) additional three-year terms under the same terms and conditions if deemed to be in the best interest of the County by the Contracts/Purchasing Officer.

SUMMARY/DISCUSSION:

Approval of the Lease Agreement will provide for occupancy of approximately 9,745 rentable square feet of office space at 1870 North Main Street, Salinas, California for use by the Behavioral Health Bureau. The lease term will commence on or around June 1, 2017, and expire on or around May 31, 2027.

Lessor will perform Premise Improvements in accordance with approved plans and specifications at a cost not to exceed \$360,124.00. Property owner will contribute a ten dollar (\$10) per square foot Premise Improvement Allowance of \$97,450.00. The County's portion of the Premise Improvement costs will be amortized over the ten (10) year term of the Lease Agreement at six percent (6%) interest and will be included in the 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 a reimbursement for up to seventy-five percent (75%) of the unamortized Premise Improvement costs, including a prorated portion of the \$97,450.00 Premise Improvement Allowance is incorporated in the Lease Agreement. The total reimbursement shall not exceed \$270,093.00. Said improvements will be completed on or about June 1, 2017 which shall be prior to occupancy by County staff.

The Lease Agreement provides for two (2), three (3) year extension options under the same terms and

conditions. A “Termination by County” clause and the County’s standard insurance and indemnity provisions are incorporated in the Lease Agreement.

The facility will provide Behavioral Health general office space to better meet the needs for direct client services in North Salinas and surrounding area.

This work supports the Monterey County Health Department 2011-2015 strategic plan initiatives: 3) Ensure access to culturally and linguistically appropriate, customer-friendly, quality health services. It also supports two (2) of the ten (10) essential public health services, specifically; 4) Mobilize community partnerships and action to identify and solve health problems; and 7) Link people to needed personal health services and assure the provision of health care when otherwise unavailable.

OTHER AGENCY INVOLVEMENT:

The Resource Management Agency-Administrative Services advised the Health Department with its development of the County Standard Lease Agreement. The Office of the County Counsel and its Risk Management Division have approved the Lease Agreement as to form and legality and insurance and indemnity provisions, respectively. This project, including the proposed lease and anticipated tenant improvements, was supported by the Capital Improvement Committee on November 9, 2015, and the Budget Committee on August 31, 2016.

FINANCING:

There is no financial impact to the General Fund resulting from approval of this Lease Agreement. There are sufficient appropriations in the Health Department, Behavioral Health Bureau’s (023-4000-HEA012-8410) FY 2016-17 Adopted Budget to accommodate current fiscal year costs; the costs for next fiscal year will be incorporated in the Bureau’s FY 2017-18 Requested Budget. The initial rent payment will be \$18,410.77, comprised of \$15,494.55 of base rent (\$1.59 per square foot) plus \$2,916.22 for premise improvements (\$0.30 per square foot), per month. At the end of each year during the initial lease term or any extended term, the monthly base rent shall be increased by two percent (2%).

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by: Chris LeVenton, Operations Manager, 4513
Approved by: Elsa Jimenez, Director of Health, 4526

Attachments:

Lease Agreement and location map is on file with the Clerk of the Board