



County of Monterey

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

Board Report

File #: A 19-503, Version: 1

- a. Approve and authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute a Lease Agreement with OM Management and Business Associates, Inc., beginning on or around July 1, 2019 and ending December 31, 2022, for approximately 1,800 square feet of office space at 365 Walnut Avenue, Suite A, in Greenfield, California, for use by the District 3 Supervisor;
- b. Authorize the Auditor-Controller to make lease payments of \$3,300 per month from Board of Supervisors 1000 Budget, Fund 001, Unit 8015, Appropriation Unit BOA001, and in accordance with the terms of the Lease Agreement; and
- c. Authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute extension options of the Lease Agreement for two (2) additional four (4) year periods under the same general terms and conditions provided there is no significant increase to the monthly lease payments and to make minor revisions to the lease agreement if deemed by the Contracts/Purchasing Manager to be in the best interest of the County, subject to review and approval by the Office of the County Counsel-Risk Management and the County Auditor-Controller.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute a Lease Agreement with OM Management and Business Associates, Inc., beginning on or around July 1, 2019 and ending December 31, 2022, for approximately 1,800 square feet of office space at 365 Walnut Avenue, Suite A, in Greenfield, California, for use by the District 3 Supervisor;
- b. Authorize the Auditor-Controller to make lease payments of \$3,300 per month from Board of Supervisors 1000 Budget, Fund 001, Unit 8015, Appropriation Unit BOA001, and in accordance with the terms of the Lease Agreement; and
- c. Authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute extension options of the Lease Agreement for two (2) additional four (4) year periods under the same general terms and conditions provided there is no significant increase to the monthly lease payment and to make minor revisions to the lease agreement if deemed by the Contracts/Purchasing Manager to be in the best interest of the County, subject to review and approval by the Office of the County Counsel-Risk Management and the County Auditor-Controller

SUMMARY:

At the request of the County Administrative Office, on behalf of District 3, the Resource Management Agency (RMA) researched available properties and negotiated a Lease Agreement for an 1,800 square-foot office location for the District 3 Supervisor and staff in the newly developed shopping center known as *The Vines at Greenfield* located at 365 Walnut Avenue. Occupancy of the space will be upon completion of the newly constructed building and office space, which is estimated to be on or about July 1, 2019. The initial rent will be \$3,300 per month and includes property taxes and insurance, common area maintenance, and water and trash removal. The rental rate will not be subject to an annual rent increase. As part of the Lease Agreement, the County will be responsible for janitorial services, electricity, and security services. The property owner has agreed to provide \$117,000 in tenant improvements and waive the first four (4) months of rent to help offset moving costs. A "Termination by County" clause (without penalty), three (3) exclusive parking spaces and two (2), four(4) year extension options with a \$90 per month rent reduction are incorporated in the Lease Agreement. Staff finds these terms comparable with current market conditions.

DISCUSSION:

Monterey County Supervisorial District 3 (District) covers the majority of the Salinas Valley and southern Monterey County extending to its border with San Luis Obispo County. The District includes the unincorporated communities of Spreckels, Chualar, and Jolon; the eastern portion of the City of Salinas; the cities of Gonzales, Greenfield, Soledad, and King City; the military installations at Fort Hunter Liggett and Camp Roberts; and portions of the Los Padres National Forest.

At the request of the County Administrative Office, RMA conducted an extensive site search in collaboration with the District 3 Supervisor Elect and staff in the southern Monterey County cities of Soledad, Greenfield, and King City, including evaluating the

feasibility of locating within the King City Courthouse or Greenfield City Hall. Based on criteria established by District 3, RMA identified that a newly constructed office space site at *The Vines at Greenfield* best fit the criteria including price, condition, access, specified office configuration and requirements, and proximity to the majority of District 3 constituents. The site at *The Vines at Greenfield* was selected by District 3 staff as the preferred alternative. RMA worked with the property owner to establish terms and conditions for the proposed Lease Agreement.

Currently, the District 3 main office is located on the third floor of the County Administration Building, 168 West Alisal Street, in Salinas. This office would be retained and the main office would be relocated to 365 Walnut Avenue, Suite A, in Greenfield to address equity issues of constituent access to their elected County Supervisor. The District 3 Supervisor also occupies a small 125 square foot satellite office at a cost of \$1 per year in Soledad at the Soledad City Hall. This office will no longer be needed if the Lease Agreement is approved. The proposed Greenfield office space will be furnished with office furniture supplied by County Surplus to the extent possible.

OTHER AGENCY INVOLVEMENT:

RMA facilitated the negotiations of the proposed Lease Agreement and assisted with development of this report. The Office of the County Counsel-Risk Management has reviewed the proposed Lease Agreement as to form and legality and indemnification and insurance provisions.

FINANCING:

Funding for the proposed Lease Agreement will require an augmentation to the existing Board of Supervisors 1000 Budget, Fund 001, Unit 8015, Appropriation Unit BOA001, as part of the FY 2019-20 budget process. Estimated leasing costs by fiscal year include: \$26,640 for FY 2019-20, inclusive of the four month rent waiver; \$39,960 for FY 2020-21; \$39,960 for FY 2021-22; and \$19,980 for FY 2022-23 (July-December). In addition, one time moving, signage, and technology setup costs are estimated at \$13,000, and will be included as part of the augmentation request. The estimated annual cost for janitorial services, electricity, and security services are \$6,480. Ongoing occupation of the leased premises and future extensions of the Lease Agreement will be based on the continued availability of funding and best interest of the County.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Currently, the District 3 main office is not located within the District. Relocating the main office to Greenfield would improve constituent access to their elected County Supervisor. This action correlates to the Administration and Infrastructure Initiatives adopted by the Board of Supervisors by improving the efficiency, access, and effectiveness of County services and providing adequate County facilities and infrastructure.

	Economic Development
<input checked="" type="checkbox"/>	Administration
	Health & Human Services
<input checked="" type="checkbox"/>	Infrastructure
	Public Safety

Prepared by: George K. Salcido, Real Property Specialist (831)755-4859

Reviewed by: Shawne Ellerbee, RMA Deputy Director of Administrative Services

Approved by: Carl P. Holm, AICP, RMA Director

Attachments:

Attachment A - Proposed Lease Agreement

Attachment B - Location Map

(Attachments on file with the Clerk of the Board)