

**MEMORANDUM  
DEPARTMENT OF FACILITY SERVICES  
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **AUGUST 28, 2007**

From:  **JAMES DURFEE / ALBERT RICHIE** 

Subject: **LEASE AGREEMENT – NEVADA STREET**

**ACTION REQUESTED / RECOMMENDATION:** Approve a new Lease Agreement between the County of Placer and the Lee T. Leong and Daisy A. Leong Revocable Trust for 375 through 379 Nevada Street, located in Auburn, CA, for occupancy by the Department of Health and Human Services (HHS), and authorize the Chairman to execute this Agreement on behalf of your Board.

**BACKGROUND:** Since 1999, HHS has occupied approximately 13,296 square feet of office space within this facility. The current Lease is in its final 2-year option expiring on July 31, 2008. Earlier this year, HHS expressed its desire to continue its occupancy and requested that the term of its new lease run concurrent with its other Auburn-area leases.

Property Management has successfully negotiated a new Lease Agreement that provides a five (5) year initial term with three options to extend the term resulting in a maximum total term of eleven (11) years should all options be exercised by the County. Upon execution of the new Lease, the current lease will be terminated. This new Lease requires the landlord to perform initial tenant improvements to the entire leased premises (i.e., carpet replacement and interior paint) in return for the new Lease term. In addition, this lease contains a \$50,000 future tenant improvement funding allocation for projects that become necessary over the term of the Lease. Prior to initiation of any project, an addendum to the Lease addressing the project scope, budget and schedule must be approved by County Counsel, HHS and the County Executive's Office. Effective August 1, 2007, the new monthly rent will be \$19,412.16 (\$1.46/square foot). This amount represents a monthly increase of \$408.16 above the current rent to fund additional operational expenses incurred by the Landlord. In order to continue HHS' occupancy of this facility, your Board must authorize the Chairman to execute this Lease Agreement. A copy of the Lease is available for review at the Clerk of the Board's Office.

**ENVIRONMENTAL CLEARANCE:** The lease of this facility is Categorically Exempt from review pursuant to Section 15301 of the California Environmental Quality Act. This Section provides for activities, including leasing of existing facilities, when there is no expansion of use beyond that previously existing.

**FISCAL IMPACT:** The rent for the leased premises will commence at \$19,412.16 per month (\$232,945.92 annually) with annual increases based on the Consumer Price Index (C.P.I.) Index. The Landlord shall continue to furnish utilities, janitorial services, and maintenance to the leased premises and common areas. The County shall continue to pay for telephone. Sufficient funding for these expenses is included in the Fiscal Year 2007/2008 Proposed Budget.

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AVAILABLE FOR REVIEW AT THE CLERK OF THE BOARD'S OFFICE: LEASE

cc: COUNTY EXECUTIVE OFFICE  
HEALTH AND HUMAN SERVICES

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313

