

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

To: **BOARD OF SUPERVISORS**

Date: **FEBRUARY 14, 2012**

From: **JAMES DURFEE / MARK RIDEOUT**

Subject: **LEASE AGREEMENT – CARNELIAN BAY HEALTH AND HUMAN SERVICES**

ACTION REQUESTED / RECOMMENDATION: Adopt a Resolution authorizing the Director of Facility Services, or his designee, to negotiate and execute a new Lease Agreement between the County of Placer and Nino Family Limited Partnership and Nancy Muriel Nino, as Trustee of The Nancy Muriel Nino Revocable Trust (collectively the "Landlord") for the building located at 5225 North Lake Boulevard in Carnelian Bay, based on the attached Material Terms; and, to carry out those provisions and responsibilities as specified within the Lease Agreement on behalf of the County including but not limited to the Future Tenant Improvements provision as summarized in the attached Material Terms.

BACKGROUND: Since 1991, the Placer County Health and Human Services Department (HHS) and Child Support Services (CSS) have provided health, social and child support services from the 5,184 sf. building located at 5225 North Lake Boulevard in Carnelian Bay. The current lease agreement commenced on March 15, 2002, with an initial term of approximately seven years and one three-year option to extend the term. Upon exercising the three-year option in 2009, your Board authorized an amendment that memorialized reduction of the base rent and added two one-year option terms. As the original three-year option will expire on March 31, 2012, HHS and CSS evaluated their delivery of services and expressed the need to continue this occupancy.

Given that the recent economic downturn precipitated favorable leasing conditions, Property Management performed a market analysis of comparable office space in the North Tahoe Basin. Using the results of this analysis, Property Management negotiated more favorable lease terms, including rent commencing at \$7,983.36 per month (\$1.54 per sf). With the current monthly rent at \$11,056.52, this represents a savings of \$3,073.16 per month (\$0.59 per sf). The new rent is subject to annual Consumer Price Index adjustments, not to exceed 5%. The lease provides a three-year initial term, and one two-year option that the County may exercise following a market-rate rental adjustment. The Landlord agrees to perform various tenant improvements at no cost to the County, including a restroom remodel, new computer room air conditioning, and HVAC system balancing. The Lease Agreement also provides for the Landlord to construct Future Tenant Improvements, not to exceed \$25,000, with the approval of HHS, CSS and the CEO.

In order to proceed with the leasing actions necessary for continued occupancy, Facility Services requests that your Board adopt the attached Resolution authorizing the Director of Facility Services, or his designee, to negotiate and execute a new Lease Agreement following approval by County Counsel and Risk Management; and carry out the provisions and responsibilities of the Lease Agreement including but not limited to the provision related to Future Tenant Improvements.

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: Rent for this facility will commence at \$7,983.36 per month (\$95,800.32 annually). Funding for this cost is included in the HHS and CSS FY 2011/2012 Budget.

JD:MR:LM:NT:DB

ATTACHMENT: RESOLUTION
cc: COUNTY EXECUTIVE OFFICE

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Before the Board of Supervisors County of Placer, State of California

In the matter of: A RESOLUTION AUTHORIZING THE DIRECTOR OF FACILITY SERVICES, OR HIS DESIGNEE, TO NEGOTIATE AND EXECUTE A LEASE AGREEMENT BETWEEN THE COUNTY OF PLACER AND NINO FAMILY LIMITED PARTNERSHIP AND NANCY MURIEL NINO, AS TRUSTEE OF THE NANCY MURIEL NINO REVOCABLE TRUST, FOR THE CONTINUED OCCUPANCY BY HHS AND CSS AT 5225 NORTH LAKE BOULEVARD, CARNELIAN BAY, CA

Resol. No: _____

The following RESOLUTION was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, 2012 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

Chair, Board of Supervisors

Clerk of said Board

WHEREAS, Since 1991, the County has provided services of the Health and Human Services Department (HHS) and Child Support Services (CSS) from the building located at 5225 North Lake Boulevard, Carnelian Bay, CA; and,

WHEREAS, the County desires to continue leasing this building for a three-year initial term, with one two-year option that is exercisable at the County's discretion.

NOW THEREFORE, BE IT RESOLVED, that the Placer County Board of Supervisors does hereby authorize the Director of Facility Services, or his designee, to negotiate and execute a new Lease Agreement, subject to approval of County Counsel and Risk Management, between the County of Placer and Nino Family Limited Partnership and Nancy Muriel Nino, as Trustee of The Nancy Muriel Nino Revocable Trust for the building located at 5225 North Lake Boulevard in Carnelian Bay, based on the attached Material Terms; and, to carry out the provisions and responsibilities as specified within the Lease Agreement on behalf of the County including but not limited to the Future Tenant Improvements provision as summarized in the attached Material Terms.

EXHIBIT A – MATERIAL TERMS OF LEASE AGREEMENT

SUMMARY OF MATERIAL TERMS LEASE AGREEMENT

HEALTH AND HUMAN SERVICES DEPARTMENT
5225 NORTH LAKE BOULEVARD, CARNELIAN BAY, CA

Parties: County of Placer and Nino Family LP/Nancy Muriel Nino as Trustee of The Nancy Muriel Nino Revocable Trust

Use: Office space for the County's Health and Human Services Department; and/or professional services and/or other COUNTY services.

Premises: Approximately 5,184 square feet of office space.

Term: Three year (3) Term beginning 4/1/2012.

Options: One, two year (2) option exercisable at the County's discretion.

Rent: Monthly rent for Premises beginning 4/1/2012 as follows:

- 5,184 sq/ft at \$1.54 per sq.ft. for \$7,983.36

Annual CPI adjustment: Rent shall be subject to annual CPI adjustment on the anniversary date of the agreement throughout the initial term and for the second year of the option if exercised. The annual increase shall never be more than 5 percent.

Fair Rent Value adjustment: Rent shall be subject to fair rent value adjustment to be applied to the first year of the option term. The fair rent value adjustment process shall occur prior to exercise of option term.

Utilities: County pays for electrical, gas, phone, and custodial services. Landlord pays for water and sewer services, common area utilities, and trash removal.

Tenant Improvements: Landlord shall perform the following:

- Remodel existing restrooms, including removal of shower stalls and replacement of all fixtures
- One HVAC system balance to building, and installation of a new separate HVAC unit for the computer server room
- Replace ceiling tiles where necessary

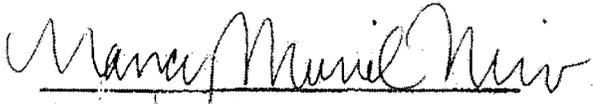
Future Tenant Improvements Allowance: Subject to approval by HHS, CSS and the CEO, if the County finds it necessary to construct Tenant Improvements, and the Parties are in mutual agreement, Landlord shall construct desired Tenant Improvements on behalf of the County. County and Landlord shall execute a Lease Amendment setting forth the terms and conditions pertaining to the construction of such Tenant Improvements. The total expenditure over the Term of this Agreement shall not exceed Twenty Five Thousand Dollars (\$25,000).

ACCEPTANCE OF MATERIAL TERMS



Mike Nino

DATE: 1/23/12



Nancy Muriel Nino

DATE: 1/23/12

Landlord accepts and agrees to the incorporation of the above material terms into the preparation of a lease agreement between Landlord and the County. Landlord and the County recognize and agree that the enforceability of the terms of any future resulting lease agreement shall be subject to prior approval by the Placer County Board of Supervisors or its designee, and the Landlord.