

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

To: **BOARD OF SUPERVISORS**

Date: **JULY 13, 2010**

From: *JD* **JAMES DURFEE / MARY DIETRICH**

Subject: **LEASE AGREEMENT FOR HEALTH & HUMAN SERVICES
WORK EXPERIENCE PRODUCTION CENTER RELOCATION**

ACTION REQUESTED / RECOMMENDATION: It is recommended that your Board adopt the attached Resolution authorizing the Director of Facility Services, or his designee, to take the following actions associated with relocation of Health and Human Services Department's (HHS) Work Experience Production Center (WEX Center) to 1000 Sunset Boulevard, in Rocklin, CA:

- 1) Complete negotiations for a Lease Agreement (Agreement), based on the Material Terms attached hereto, between the County of Placer and Sunset Commercial Center, Inc., c/o Oates Investments, Inc. (SCC).
- 2) Execute the resultant Agreement on behalf of your Board, following approval by County Counsel and Risk Management.
- 3) Carry out those provisions and responsibilities as specified within the 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 September of 2009, HHS has operated the WEX Center at 1880 Sierra Gardens in Roseville where the County subleases 2,156 sq/ft of office space from the State of California Employment Development Department (EDD). The WEX Center was implemented to give welfare recipients a place to gain relevant work experience so they are more marketable to employers, provide the means for recipients to meet their 32 hours per week work requirement, and to improve the County's Federally required work participation. Furthermore, as an additional benefit of having this program available to welfare recipients, HHS receives about 200 hours each week for no cost clerical support for non-confidential clerical duties such as aid application packet assembly.

EDD will be relocating to a new site this year and as a result HHS must also vacate the Roseville premises. HHS would like to continue operating the WEX Center and relocate the program to HHS's 1000 Sunset location in Rocklin. Property Management has negotiated a favorable rent of \$3,118 month (\$1.60 per sq/ft) for an interior finished built-out suite. This represents a savings over their current location of \$834 month (\$10,008 annually). The Agreement also provides a five year term which is cancelable by either Party anytime before the annual expiration of the term with 90 days prior written notice. Furthermore the County shall receive two months of rent free rent for each of the first two years for a savings of \$12,472. The Agreement also provides for Future Tenant Improvements, should they be required, so long as such improvements do not to exceed \$20,000 and are approved by HHS and the CEO. In order to proceed with leasing actions associated with the WEX Center relocation, Facility Services requests that your Board direct staff to complete the Agreement and approve the attached Resolution authorizing the Director of Facility Services to execute the Agreement following approval by County Counsel and Risk Management and to carry out the terms and conditions of the resultant Lease including but not limited 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 and common area maintenance expenses for this facility will commence at \$3,118 per month (\$37,416 annually). Funding for this cost is available in the HHS Department 2010/2011 Budget.

JD:MD:LM:MM
ATTACHMENTS: RESOLUTION, MATERIAL TERMS

cc: COUNTY EXECUTIVE OFFICE
HEALTH AND HUMAN SERVICES

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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 TO NEGOTIATE
AND EXECUTE LEASE DOCUMENTS THAT FACILITATE
RELOCATION OF THE HHS HUMAN SERVICES WEX
CENTER TO 1000 SUNSET BOULEVARD IN ROCKLIN, CA.

Resol. No: _____

The following RESOLUTION was duly passed by the Board of Supervisors of the
County of Placer at a regular meeting held _____, 2010 by the following
vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

Chairman, Board of Supervisors

Clerk of said Board

WHEREAS, since September 2009, the Human Services Department's (HHS) Work Experience Production Center (WEX Center) has occupied office space at Sierra Gardens in Roseville where the County subleases 2,156 sq/ft of office space from the State of California Employment Development Department (EDD) for HHS; and

WHEREAS, EDD will be relocating to a new site this year and as a result HHS must also vacate the Roseville premises and HHS would like to continue operating the WEX Center and relocate the program to HHS's 1000 Sunset location in Rocklin.

NOW THEREFORE, BE IT RESOLVED, that the Placer County Board of Supervisors does hereby authorize the Director of Facility Services, or his designee, to complete negotiations for a Lease Agreement, based on the Material Terms attached hereto, between the County of Placer and Sunset Commercial Center, Inc., c/o Oates Investments, Inc. (SCC) for the Department of Health and Human Services Human Services Division's occupancy in the building located at 1000 Sunset Boulevard in Rocklin, CA; execute the Lease Agreement on behalf of your Board subject to approval of County Counsel and Risk Management; and, authorize the Director of Facility Services to carry out on behalf of the County the responsibilities and provisions as specified within the Lease Agreement, including but not limited to the Future Tenant Improvement provision as summarized in the attached Material Terms.

EXHIBIT A – MATERIAL TERMS OF LEASE AGREEMENT

The following summarizes the key terms and conditions which the Parties agree will be incorporated as the material terms of a proposed lease agreement between the County of Placer and Sunset Commercial Center, Inc., c/o Oates Investments, Inc.:

1. Parties: Agreement shall be between the County of Placer, a political subdivision of the State of California (County) and Sunset Commercial Center, Inc., c/o Oates Investments, Inc., a California corporation (Landlord).
2. Building Location: 1000 Sunset Blvd, Rocklin CA, 95765
3. Premises: Existing 1,949 sq/ft interior finished office Suite located on the first floor.
4. Term: Five Years. The Lease Agreement shall be cancellable by either Party annually with 90 days advance written notice prior to the annual expiration.
5. Rent: Monthly Rent shall be \$1.60 per rentable square foot, \$3,118.40 per month, and is subject to an annual 2% increase.
6. Lease Type: Full Service Gross: Landlord is to be responsible for base year operating expenses including property taxes, property insurance, Common Area Maintenance, utilities and janitorial, and repair of the structural portions of exterior walls, roof, and foundation unless damaged by Tenant. Tenant will pay prorata share of increases over base year operating expenses. The base year for this lease will be 2010 with expenses above the Base Year billed at actual cost, except that management expense increases shall be capped at 4%.
7. Rent Abatement: Year one: The first two months following commencement shall be abated. Year two: The first two months following the first anniversary of commencement shall be abated.
8. Use: The Premises shall be used for office space to house Health and Human Services.
9. Future Tenant Improvements: Subject to approval by HHS and CEO, if the County finds it necessary to construct Tenant Improvements in the Premises, and the Parties are in mutual agreement, Landlord shall construct desired Tenant Improvements on behalf of the County. County and Landlord shall execute an Amendment to the Lease Agreement setting forth the terms and conditions pertaining to the construction of such Tenant Improvements. The total expenditure for Tenant Improvements over the Term of this Agreement shall not exceed Twenty Thousand Dollars (\$20,000).

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.

