

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

To: **BOARD OF SUPERVISORS**
From: **MARY DIETRICH / MARK RIDEOUT**
Subject: **LEASE NEGOTIATIONS - BOARD OF SUPERVISORS'/STAFF OFFICES**

Date: **JULY 23, 2013**

ACTION REQUESTED / RECOMMENDATION: Authorize the Department of Facility Services to relocate the Board of Supervisors' offices that are currently located at Cirby Hills and authorize the Director of Facility Services, or designee, to execute and administer lease agreement(s) in an amount not to exceed \$94,000 annually, following review by County Counsel and Risk Management, at no new net county cost.

BACKGROUND: Since 2000, the County has leased a 54,000 square foot building at 101 Cirby Hills Drive in Roseville, CA for Health and Human Services (HHS) Adult System of Care psychiatric and short-term crisis residential treatment services. Within this building approximately 4,000 square feet of space is used as offices for the Board of Supervisors serving the south and western portions of the County.

In late 2011 and again in 2012, the owner of the Cirby Hills building notified the County of their receipt of unsolicited offers to purchase the property which, if accepted, would have jeopardized HHS' long term occupancy and delivery of psychiatric services. Because of the specialized use of this building by HHS, Property Management staff performed an evaluation of the facility requirements of these programs and issued a Request for Proposal (RFP) to pursue facility alternatives. The result of the RFP determined the most advantageous alternative from both cost and timing perspective was to remain at Cirby Hills under a new lease agreement. Programming of HHS facility requirements demonstrated HHS' need to fully occupy the building which would displace the Board of Supervisors and offices used by other County staff.

Anticipating this displacement, Facility Services has evaluated options to provide alternate office space for the Board of Supervisors including construction of tenant improvements in Building B at the Bill Santucci Justice Center. This option proved to be very costly at more than \$200 per square foot and utilized space that otherwise would provide for expansion of the public safety occupants who currently occupy Building B. Property Management's evaluation of the rental market identified the availability of privately owned lease space for full-service leases at \$1.80 to \$2.00 per square foot which proves to be more economical. Leases also allow greater flexibility to meet the needs within each supervisorial district and can be sized to include facilities like shared conference and/or office areas to meet the needs of County staff who regularly conduct business in this portion of the County. To pursue this avenue, Facility Services requests your Board's approval to negotiate and execute market rate leases that are determined to be in the best interest of the County.

ENVIRONMENTAL IMPACT: Leasing activities are Categorically Exempt from review pursuant to Section 15301 of the California Environmental Quality Act. This Section provides for activities, including leasing of facilities, when there is not expansion of use beyond that previously existing.

FISCAL IMPACT: Leasing office space as described above will have no new net county cost. Currently, approximately \$94,000 in rent is expended for the office space at Cirby Hills and new lease agreements are projected to be less expensive than the cost of the current leased space. Leasing existing improved space is also significantly less costly than constructing tenant improvements. Currently budgeted funds will be utilized to fund lease costs of space in south Placer.

MD/MR

CC: COUNTY EXECUTIVE OFFICE

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