

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

To: Honorable Board of Supervisors
From: ^{WP} Mary Dietrich, Facility Service Director
By: Laurie Morse, Property Manager

Date: March 10, 2015

Subject: Human Services Employment Services - Lease Amendment No. 3

ACTION REQUESTED:

1. Approve Lease Amendment No. 3 to CN028129 between the County of Placer and Sunset Commercial Center, LLC, allowing for tenant improvements totaling \$445,000 for the purpose of expanding the Human Services Employment Services Program activities and construction of facility improvements at Children Systems of Care. The total project cost is estimated at \$520,200 funded by FY 2014-15 budgeted capital funds (\$465,624), program funds (\$17,000), and a landlord contribution (\$37,576), plus a new annual lease payment of \$60,120 to be funded by the Department of Health and Human Services.
2. Adopt a Resolution authorizing the Director of Facility Services, or designee, to finalize negotiations, execute, and administer the Lease Amendment, based on the Material Terms.

BACKGROUND: In August 2010, the Human Services (HS) Work Experience Production Center (WEX) relocated from 1880 Sierra Gardens in Roseville to a 1,741 square foot suite at the Sunset Commercial Center at 1000 Sunset Boulevard in Rocklin (1000 Sunset).

Legislation was passed in 2013 requiring HS to significantly increase its delivery of employment services (ES) to recipients of the CalWORKs program, doubling the participants being served. To accommodate ES staffing and programmatic needs, on February 26, 2013, your Board authorized Lease Amendment No. 1 to Lease Agreement No. CN028129 to relocate WEX to a 7,259 square foot unimproved suite on the 1st floor of 1000 Sunset. The 2013 expansion of services resulted in an increased number of job recruitment and hiring events at the WEX/ES suite. The majority of these events are attended by many local employers and large numbers of job seekers.

The existing WEX/ES suite has proven insufficient to accommodate the expanding services of the ES program. Therefore, HS requested Property Management pursue a lease amendment to expand the WEX/ES suite by 3,854 square feet for a total of 11,113 square feet. This expansion could also accommodate the replacement of the Fair Hearings Room which was previously impacted by a lobby expansion project in the main suite located on the 2nd floor of 1000 Sunset.

Property Management Staff have been successful in negotiating the terms of Lease Amendment No. 3 to lease the necessary space for expansion of the WEX/ES programs. This Lease Amendment will also facilitate the required tenant improvements (TIs), including construction the Fair Hearings Room, a separate lobby, interview room, space for the hearing staff and supervisor, an office for Economic Development, two supervisor offices, a conference room, staff lunch/break room, and storage space to house a substantial volume of program forms and materials used by the CalWORKs WEX (WEX/ES TIs).

Lease Amendment No 3. Summary

- The Landlord has agreed to construct the WEX/ES TIs at total cost estimated at \$430,000. As an incentive to the County for this expansion of its leasehold at 1000 Sunset, the Landlord has agreed to contribute \$37,576 towards the tenant improvements and waive its

3% construction management and oversight fees resulting in an estimated \$392,424 to be paid by the County. The term for the expanded lease premises is coterminous with the existing Lease Agreement, which has approximately 13 years remaining. Monthly rent for this additional space will commence at \$1.30 per rentable square foot (\$5,010 monthly, \$60,120 annually), subject to 2% annual increases.

- With your Board's approval, the Lease Amendment will also facilitate additional work required by the Health and Human Services Children System of Care (CSOC) for Suite 190 at 1000 Sunset. CSOC recently evaluated this facility and requested installation of a new safety and security door. To maximize construction efficiency, and realize significant cost and time savings, the Landlord has agreed to install this door during construction of the WEX/ES TIs at an amount not-to-exceed \$15,000.

Completion of the proposed WEX/ES TIs will significantly reduce the \$500,000 expenditure authority available through the Future Tenant Improvements provision of the Lease Agreement (Expenditure Cap). To address this reduction, the proposed Amendment No. 3 will increase the Expenditure Cap back to the \$500,000 level. Maintaining the Expenditure Cap at this amount will ensure unanticipated future tenant improvements can be implemented through the streamlined process provided for in the Lease Agreement. These provisions provide for the Landlord's performance of future tenant improvements so long as the project and costs are addressed in an Amendment as approved by County Counsel, County Executive Office, Health and Human Services, and the Landlord.

To proceed with the WEX/ES expansion and the proposed door installation for CSOC, your Board's approval of the attached Resolution is necessary to authorize the Director of Facility Services, or designee, to finalize negotiations, execute and administer Lease Amendment No. 3, subject to the attached Material Terms and approval of Risk Management and County Counsel.

ENVIRONMENTAL CLEARANCE: This action 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, where there is no expansion of use beyond that previously existing.

FISCAL IMPACT: Rent associated with the WEX/ES expansion space at 1000 Sunset will commence at \$5,010 per month (\$60,120 annually) and is included in the HHS Department's FY 2014-15 Final Budget. The estimated total cost for the WEX/ES TIs including the Landlord's construction and management, architectural design, county staff, IT/Telecom, systems furniture, and professional services is \$503,200. The total cost for the CSOC safety and security door, including County staff project management, is estimated at \$17,000. Funding for WEX/ES TIs is available in Capital Project No. 4906 – HHS Employment Services Expansion, and funding for the CSOC door is available in the HHS CSOC FY 2014-15 Budget. Both of these expenses are previously budgeted net county costs.

ATTACHMENT: RESOLUTION

AVAILABLE FOR REVIEW AT THE CLERK OF THE BOARD'S OFFICE:
LEASE AGREEMENT NO. CN028129
LEASE AMENDMENTS NO. 1 AND 2

CC: COUNTY EXECUTIVE OFFICE
HEALTH AND HUMAN SERVICES
AUDITOR - CONTROLLER

MD/MR/LM/MM

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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 DESIGNEE
TO FINALIZE NEGOTIATIONS AND EXECUTE A
LEASE AMENDMENT FOR HUMAN SERVICES
EMPLOYMENT SERVICES PROGRAM EXPANSION
AND TENANT IMPROVEMENTS AT 1000 SUNSET
BOULEVARD, ROCKLIN CA.**

Resolution No: _____

The following **RESOLUTION** was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, 2015 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, the Health and Human Services Department Human Services Division (HS) WEX and Employment Services Program (WEX/ES) currently occupies 7,259 square feet at 1000 Sunset Boulevard, Suite 100, in Rocklin CA; and,

WHEREAS, HS desires to expand the WEX/ES occupancy into Suite 101, comprised of 3,854 rentable square feet, resulting in a total of 11,113 rentable square feet to be occupied by WEX/ES; and,

WHEREAS, the Landlord, Sunset Commercial Center LLC, has agreed to amend Lease Agreement CN028129 for the County's WEX/ES expansion, and the Landlord has agreed to provide all labor and material necessary to provide the County with the required tenant improvements for the WEX/ES expansion at an estimated cost of \$430,000; and,

WHEREAS, to incentivize the County to expand its leasehold and develop the WEX/ES suite, the Landlord has agreed to contribute \$37,576 towards the tenant improvements and waive its 3% construction management and oversight fees resulting in a not-to-exceed amount of \$392,424 to be paid by the County; and,

WHEREAS, at the County's request, the Landlord is also willing to install a security/safety door at the Health and Human Services Department Children System of Care Suite 190 at 1000 Sunset at the County's expense in an amount not-to-exceed \$15,000.

NOW THEREFORE, BE IT RESOLVED, that the Placer County Board of Supervisors does hereby authorize the Director of Facility Services, or its designee, to negotiate and execute Lease Amendment No. 3 to Lease Agreement No. CN028129 for the WEX/ES expansion and the security/safety door installation at 1000 Sunset Boulevard, based on the attached Material Terms, following approval by County Counsel and Risk Management; and, delegate authority to the Director of Facility Services, or designee, to execute and carry out those provisions, responsibilities, and administrative provisions as specified in this Lease Agreement.

ATTACHMENT: EXHIBIT A - MATERIAL TERMS

MATERIAL TERMS - LEASE AMENDMENT

The following summarizes the key Terms and Conditions of the Material Terms of Lease Amendment No. 3 to Lease Agreement No. CN028129, between the County of Placer and Sunset Commercial Center, LLC.

1. **Parties:** This Lease Amendment No. 3 (Amendment) to Lease Agreement No. CN028129 (Lease Agreement) shall be between the County of Placer, a political subdivision of the State of California (County) and Sunset Commercial Center, LLC (Landlord); referred to collectively as (Parties).
2. **Expanded Premises:** The expansion into Suite 101 of the building located at 1000 Sunset Boulevard in Rocklin, CA encompasses Three Thousand Eight Hundred Fifty-Four (3,854) Rentable Square Feet (RSF) (Expanded Premises). Through this expansion the Lease Agreement shall include Suite 100 and Suite 101, which total a combined area of Eleven Thousand One Hundred Thirteen (11,113) RSF.
3. **Base Rental Rate:** Rental Rate for the Expanded Premises shall commence at One Dollar and Thirty Cents (\$1.30) per RSF - \$5,010.20 per month (\$60,122.40 annually).
4. **Rent Commencement:** Rent commencement date shall begin fifteen working days (15) after final inspection by the local jurisdictions and acceptance by the County.
5. **Tenant Improvements:** Upon the Parties' approval of architectural construction documents, the Landlord shall perform all of the work and supply all the necessary materials and labor to construct the Tenant Improvements described below (hereinafter collectively referred to as "Tenant Improvements"). Said Tenant Improvements shall include all required permits, materials, equipment, and labor required to construct the Tenant Improvements.
 - a. Fair Hearings Room, a separate lobby, interview room, space for the hearings staff and supervisor, an office for Economic Development, two supervisor offices, a conference room, staff lunch/break room, and storage space to house a substantial volume of program forms and materials used by the CalWORKs WEX (hereinafter the "WEX/ES TIs"). The total cost of the WEX/ES TIs is estimated at \$430,000. In consideration of the Landlord's contribution of \$37,576 towards the WEX/ES TIs, the County shall reimburse Landlord an amount not-to-exceed \$392,424, subject to Section 9 below.
 - b. CSOC Security/safety door within Suite 190 at 1000 Sunset. The County shall reimburse Landlord an amount not-to-exceed \$15,000, subject to Section 9 below.
6. **Labor:** All work shall comply with all laws regarding payment of prevailing wage, including, without limitation, California Labor Code sections 1775, 1777 and 1811, and as such laws may be amended or modified. Landlord agrees to comply with any directives or regulations issued by the California State Department of Industrial Relations or any other regulatory body of competent jurisdiction.
7. **Fixtures & Personal Property – County:** County, at its sole cost, shall install and manage all related support equipment for telecom and data services, and shall provide and manage the systems furniture installation.

8. **Landlord Tenant Improvement Contribution:** As an incentive to the County to expand the WEX/ES suite, the Landlord has agreed to contribute \$37,576 towards the WEX/ES TIs.
9. **Payment:** Within ten working days of completion and issuance of final permit by the local building authority, County shall inspect the same and provide Landlord with any corrections or “punch list” items in writing at the time of such inspection. Tenant Improvements shall be deemed to be complete when the final Tenant Improvements are approved by the County. Once approved by the County, Landlord shall prepare two separate itemized final invoices: 1) for the WEX/ES TIs; and 2) for the CSOC Security/safety door. Said invoices shall include any adjustments thereto for approved change orders. Invoices shall be due and payable to the Landlord within 45 days of receipt of itemized final invoice, and the payment shall be made as Additional Rent pursuant to the Lease Agreement.
10. **Expenditure Cap – Future Tenant Improvements:** After application of the WEX/ES TIs project cost, the Expenditure Cap for Future TI's over the Initial Term of this Lease Agreement and Option Term shall increase to an amount not-to-exceed \$500,000.

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