



**MEMORANDUM
DEPARTMENT OF PUBLIC WORKS
AND FACILITIES
PROPERTY MANAGEMENT DIVISION
County of Placer**

TO: Board of Supervisors DATE: March 8, 2016
FROM: Ken Grehm, Director of Public Works and Facilities
By: Laurie Morse, Property Manager
SUBJECT: Property Management / Lease Amendment / BSB-Roseville, LLC / Health and Human Services Adult System of Care Facility at 101 Cirby Hills, Roseville CA

ACTION REQUESTED

Approve Lease Amendment No. 1 with BSB-Roseville, LLC, a California limited Liability Company, doing business as Barry Swenson Builder to increase the Landlord's contribution to the tenant improvements being constructed at 101 Cirby Hills by \$250,000 resulting in a total contribution of \$1,750,000, revise the Landlord's construction management fee to a fixed \$10,000, and provide an additional option term of approximately three years.

BACKGROUND

Since 2000, the County has leased a 54,600 square foot Psychiatric Health Facility from BSB-Roseville, LLC, a California limited Liability Company, doing business as Barry Swenson Builder ("BSB") for the County's Health and Human Services Adult System of Care Programs, Lease No. CN013402. The program provides a full spectrum of mental health services, substance-abuse treatment and in-home support services. Client treatment includes therapeutic intervention, case management, crisis intervention, skill development, and employment services. In addition, disabled and dependent adults as well as those in crisis are protected through services provided at this facility in locked and unlocked inpatient and residential treatment programs. Older and dependent adults are also protected through investigations, case management, and the conservatorship process as necessary.

Through programmatic studies and building condition assessments that were performed in 2013, it was determined that the building was in need of major tenant improvements (Improvements) in order achieve maximum utilization of space. In May of 2014, your Board approved a new fifteen-year Lease Agreement that included a \$1,500,000 contribution by BSB to construct the necessary Improvements on behalf of the County. At that time, BSB estimated that construction costs for the Improvements would be close to \$1,500,000. Over several months the preliminary space plans progressed from schematic design to construction documents which included a number of revisions necessary to meet building code and ADA compliance. Once construction documents were at 80%, BSB assembled bids from the major trades and it was eventually determined that construction costs were underestimated and that the Improvement cost, including consultant expenses, would exceed \$3,000,000. This estimate does not include County incurred costs for furniture, telecom, data cabling, security upgrades, and force accounts estimated at \$480,000.

Through extensive discussions between the County and BSB, the County was successful in negotiating an amendment to the Lease Agreement where BSB will contribute an additional \$250,000 towards the Improvements and agree to a flat landlord supervision fee of \$10,000. The amendment indicates that BSB will contribute \$1,750,000 and the County will contribute up to \$1,222,000 to the Improvements. In recognition that current available funding is short of the estimated Improvements cost by \$28,000, County staff will perform value engineering to achieve the necessary cost savings.

Because these protracted discussions delayed in the County's beneficial use of the Improvements, BSB has agreed to grant the County an additional option term equal to the time between the Lease Agreement's Effective Date and the completion of the Improvements, estimated to be three years. Rent during this option term is subject to annual 2% rental escalations. In consideration of BSB's assistance in helping the County bridge the fiscal gap and resolve the dispute, the County has agreed to modify the Lease Agreement's availability of funds provision from its current date of 8/31/2020 to 8/31/2022.

It is requested your Board approve Lease Amendment No. 1 with BSB and authorize the Chair to execute the Lease Amendment in order to proceed with the proposed Improvements. A copy of Amendment No. 1 is on file and available for review at the Clerk of the Board's office.

ENVIRONMENTAL IMPACT

This Lease Amendment 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

The estimated total cost of the Project is \$3,480,000, including \$212,000 for consultant services, \$2,525,000 for construction, \$263,000 as construction contingency and \$480,000 for furniture, telecom, data cabling, security upgrades, and force accounts. Funding includes BSB's contribution of \$1,750,000 and the FY 2015-16 Capital Projects Fund, HHS ASOC-Cirby Hills Project No. 4878 in the amount of \$1,731,771.

Contract amendment on file with the Clerk of the Board