



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

TO: Board of Supervisors DATE: July 26, 2016
FROM: Ken Grehm, Director of Public Works and Facilities
By: Laurie Morse, Property Manager
SUBJECT: Property Management / Lease Amendment / Eugene M. Stiles / Sheriff
Department Substation Parking Site at 6150 Horseshoe Bar Road, Loomis CA

ACTION REQUESTED

Authorize the Director of Public Works and Facilities, or designee, to execute Lease Amendment No. 2 with Eugene M. Stiles, Successor Trustee of the Eugene and Helen Stiles Trust to revise the Monthly Rent to a fixed amount of \$1,000, and to provide a \$2,000 rent credit which can be applied towards future rent payments.

BACKGROUND

The County currently leases space in the Horseshoe Bar Plaza Building located in Loomis for the Sheriff Department's (PCSO) substation that provides law enforcement service to western Placer County. In conjunction with this facility, the County leased the adjacent 6,000 square foot property located at 6150 Horseshoe Bar Road to provide additional overflow parking. No other property in the immediate area can provide this overflow parking capacity for PCSO operations. The current Lease Agreement commenced on October 1, 2000 and was amended in March 2007 to provide ten 1-year extensions beginning September 1, 2011. Consequently, the lease has been extended each year by automatic renewal and there are four remaining 1-year extensions, with the last extension expiring August 31, 2021.

Under the current Lease Agreement monthly rent is subject to a \$50 annual increase, which resulted in the monthly rent escalating from \$300 to \$1,050 since Lease inception. Given this significant increase over the current term, PCSO asked Property Management to address the current rent and future escalations prior to the upcoming September 1, 2016 renewal. Property Management was successful in reaching an agreement with the Landlord to cease the annual rent increases for the remaining five 1-year extensions, and reduce the monthly rent to \$1,000 beginning September 1, 2016. This change represents a total savings of \$12,000 over the next five years. Additionally, given the current unpaved condition of the parking lot, staff was able to negotiate a \$2,000 rent credit to help fund a majority of County's costs to chip-seal and stripe the lot. The Landlord has also agreed to provide weed control services at maintenance intervals requested by the County.

In order to incorporate these negotiated changes into the current Lease Agreement it is necessary for your Board to approve Lease Amendment No. 2 and authorize the Director of Public Works and Facilities, or designee, to execute the Lease Amendment.

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

Effective September 1, 2016, rent will commence at \$1,000 per month. This proposed rent reduction and elimination of annual rent increases results in \$12,000 total savings to PCSO over the remaining five years of the Lease Agreement. Funding for rent is included in the Sheriff's Department Proposed FY 2016-17 Budget.

