

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

To: **BOARD OF SUPERVISORS**

Date: **MAY 9, 2006**

From: *MAD/for* **JAMES DURFEE / MARY DIETRICH**

Subject: **LEASE AMENDMENT – SOUTH PLACER SHERIFF SUBSTATION**

ACTION REQUESTED / RECOMMENDATION: Based on the Material Terms attached hereto, authorize Facility Services to complete negotiations for an amendment to the Lease Agreement between the County of Placer and Richard and Michelle Ruff for the Sheriff's Substation located at 6140 Horseshoe Bar Road, Loomis, CA; authorize the Director of Facility Services to execute the Lease Amendment on behalf of your Board following its approval by County Counsel; and approve a Budget Revision to allocate funds for this project from within the Sheriff's Department budget.

BACKGROUND: In 1992, the County established the South Placer Sheriff Substation in a 1,778 square foot leased facility at the Horseshoe Bar Plaza in Loomis. Over the last 14 years, additional space has been leased to support expanded law enforcement services to the region, increasing this occupancy to 7,704 square feet. As this facility evolved without a long-term plan, the resultant premises are a cluster of modified individual suites, which present severe operational deficiencies. The Sheriff's Department approached Property Management with a request to assist them in the development of a plan to rectify the situation. This request is based on projections that a new substation at the South Placer Justice Center will not be developed in the near future, and consequently the Sheriff's Department will maintain a presence at the Loomis location for an additional fifteen to twenty years.

In response, working with the Landlord and the Sheriff's staff, Property Management contracted with an architectural firm to complete a space needs study and schematic design plans for the purpose of obtaining a construction estimate. Through this process, the architect verified that Sheriff's staff is working in an environment that is worn, poorly configured, and in need of complete renovation. The greatest deficiencies were found with the size and adjacency of spaces throughout the facility, and with the ADA compliance of restrooms, locker rooms, and showers. Additionally, the existing facility is in need of renovation to incorporate security measures, provide adequate debriefing space, and to accommodate any future expansion.

Property Management has negotiated the attached Material Terms for a Lease Amendment that authorizes the Landlord to construct the necessary tenant improvements. In anticipation of the Sheriff's long-term commitment to this location, the Amendment also renegotiates the initial 5-year term to a total of 12-years, and renegotiates the three 2-year options into two 5-year options. With tenancy through the initial term, and the exercise of all options, the County has the discretion to remain in the facility for up to twenty years.

261

To facilitate the phased construction of these tenant improvements, this Lease Amendment provides for the temporary occupancy of an additional 2,194 square feet for a period of approximately 7-months. The Landlord agreed to these modifications to the Lease Agreement with no increase to the base rent, and will contribute twenty five thousand dollars (\$25,000) by May 1, 2007, and an additional twenty five thousand dollars (\$25,000) for each exercised 5-year option term.

In order to proceed with this project, staff requests that your Board authorize staff to complete the Lease Amendment and allow the Director of Facility Services to execute the Lease Amendment following its approval by County Counsel.

ENVIRONMENTAL CLEARANCE: The Lease and improvements to this facility has been determined to be Categoricaly Exempt from CEQA pursuant to Section 15301, Existing Facilities, which provides for leasing of existing facilities when no expansion of use will occur.

FISCAL IMPACT: The total project cost is estimated at approximately \$489,000. Of this amount, \$429,000 is attributable to architectural services and the construction of tenant improvements. The County will pay these costs through the Lease Agreement, to the landlord who will contract for the improvements. The balance of the project cost of approximately \$60,000, which is attributable to rent for the temporary space, moving expenses, County project management, and telecommunications equipment.

Funds in the amount of \$79,000 are available for this project in the Sheriff's Department budget, and will be reallocated to building and improvements from the rents and leases account. Additional funding in the amount of \$410,000 is available from excess Public Safety Sales Tax revenue that will fund the balance of the improvements and increased rent cost. A Budget Revision is necessary to appropriate these funds within the Sheriff's Department budget, in the category of building and improvements.

JD:MD:MR:mm

ATTACHMENT: SUMMARY OF MATERIAL TERMS
BUDGET REVISION

cc: COUNTY EXECUTIVE OFFICE
SHERIFF'S DEPARTMENT

T:/FAC/BSMEMO2006/PCSO LOOMIS AMEND.DOC



ATTACHMENT A

SUMMARY OF MATERIAL TERMS LEASE AMENDMENT

LOOMIS SHERIFF SUBSTATION 6140 HORSESHOE BAR ROAD LOOMIS, CA

- 1. Term:** Amend the initial term of this Lease Agreement from a 5-year term that ends on August 31, 2009, to a 12-year term that ends on August 31, 2016.
- 2. Options to Extend the Term:** Amend the options to extend the term of this Lease Agreement from three 2-year options, to two 5-year options. This would extend County occupancy until August 31, 2021, and August 31, 2026 respectively.
- 3. Landlord Rent Credit and Tenant Improvement Contribution:** Amend this Lease Agreement to include provisions that require the Landlord to contribute up to seventy-five thousand dollars (\$75,000) through tenant improvement contributions and rent credits. The first \$25,000 shall be divided into two components, with the Landlord contributing \$15,000 towards tenant improvement including HVAC costs. The other component shall be a \$10,000 rent credit that is applied to the May 2007 monthly rent. The remaining Landlord obligation shall be two \$25,000 contributions payable for the exercise of any option to extend the term, which shall be provided as rent credit, lump sum cash, or tenant improvement contribution.
- 4. Tenant Improvements:** Amend this Lease Agreement to increase the permissible tenant improvement expenditure, to equal the total of all prior expenditures plus \$429,000 for the current project.
- 5. Temporary Premises:** Modify this Lease Agreement to provide for the Sheriff's occupancy in Suites R & S, comprising 2,194 square feet in the subject building, at a rate of \$1.30 per square foot, which equates to a monthly rent of \$2,852.00. This temporary occupancy shall commence April 1, 2006 on a month to month basis, until such time as the tenant improvements are completed, which is estimated to be seven months.
- 6. All other provisions of this Lease Agreement shall remain unchanged, and in full force and effect.**

263

POST DATE:

DEPT NO.	20
DOC TYPE	BR
TOTAL \$ AMOUNT	978,000.00
TOTAL LINES	4

BUDGET REVISION

PLACER COUNTY

RECEIVED
QUALITY SERVICE
2006 APR 25 AM 11:08

- Cash Transfer Required
 - Reserve Cancellation Required
 - Establish Reserve Required
- Auditor-Controller
 County Executive
 Board of Supervisors

PAS DOCUMENT NO.

ESTIMATED REVENUE ADJUSTMENT											APPROPRIATION ADJUSTMENT										
DEPT NO.	T/C	REV	FUND	SUB FUND	OCA	PCA	OBJ 3	PROJ.	PROJ. DTL.	AMOUNT	DEPT NO.	T/C	REV	FUND	SUB FUND	OCA	PCA	OBJ 3	PROJ.	PROJ. DTL.	AMOUNT
20	014				218006	02412	4151			410,000.00	20	014				218006	02412	4151			410,000.00
											20	015				218006	02412	2727			79,000.00
											20	014				218006	02412	4151			79,000.00
TOTAL											TOTAL										
410,000.00											568,000.00										

REASON FOR REVISION: To appropriate the additional funds within the Sheriff's department leasehold improvements and to increase

the anticipated revenue for Public Safety Sales Tax.

Prepared by [Signature] Ext 7834
 Department Head
 Board of Supervisors

[Signature]

Date: 5/9/06
 Page:
 Budget Revision # _____
 FOR INDIVIDUAL DEPT USE