

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

To: **BOARD OF SUPERVISORS**

Date: **DECEMBER 11, 2012**

From:  **JAMES DURFEE / MARK RIDEOUT**

Subject: **HEALTH AND HUMAN SERVICES - RELOCATION ANALYSIS**

ACTION REQUESTED / RECOMMENDATION:

1. Authorize the Director of Facility Services to enter into an agreement with Sunset Commercial Center, LLC to contract for architectural space planning and programming services associated with the potential relocation of various Health and Human Services (HHS) programs to 1000 Sunset Boulevard in Rocklin, in an amount not-to-exceed \$20,000 in previously approved net county cost.
2. Authorize the Director of Facility Services, or his designee, to enter into final lease negotiations with Sunset Commercial Center, LLC (SCC) and return for approval of material terms once finalized.

BACKGROUND: Since 1993, HHS has leased approximately 11,900 square feet at 1130 Conroy Lane in Roseville for programs including the Children's System of Care (CSOC), Women Infants and Children (WIC), and Public Health Nursing (PHN). These leases were amended in 2009 to provide three one-year options; the second option will expire on March 31, 2013. As HHS has long desired to consolidate its services; the third option was not exercised to permit exploration of a potential relocation from Conroy and/or an opportunity to achieve more advantageous lease terms at Conroy. CSOC also occupies approximately 9,000 square feet in the HHS Adult System of Care (ASOC) building at 101 Cirby Hills Drive in Roseville. Following changes to the ASOC services model at Cirby, ASOC has identified a need to utilize the space that CSOC has occupied since April 2001.

Given the advantageous commercial real estate market, HHS requested Property Management (PM) pursue opportunities to consolidate leases, realize cost savings, and improve service delivery. To explore the programmatic and financial benefits that would result from consolidating the aforementioned CSOC, WIC and PHN occupancies, HHS requested an evaluation of relocating these programs to 1000 Sunset Boulevard in Rocklin. This building currently houses HHS Human Services, Child Support Services and the Veterans Services Officer in approximately 60,000 square feet under long term lease agreements with SCC.

In its due diligence to evaluate 1000 Sunset, PM assessed over two dozen available properties in the Roseville and Rocklin area, and analyzed market rents in this region. Through the process, staff has negotiated very advantageous terms with SCC for 1000 Sunset, for both the relocated HHS programs and the existing County occupants. In consideration of the County's interest to occupy approximately 25,000 square feet of additional space, SCC is willing to reduce existing occupants' base rents and established annual adjustments, and agreed to further reduce rents upon full-amortization of tenant improvements. All of these concessions would result in savings for the current County occupants over their lease terms. To finalize the SCC negotiations, it is necessary to complete tenant improvement cost estimates for the new HHS occupancies, and SCC will contract with an architect to perform programming and space planning. As this work will ultimately define the premises and total leased

area, SCC has provided consent for this work to commence, but requires a County commitment to reimburse its design fees if the proposed leases are not executed. Should the County execute leases with SCC, the architectural space planning and programming services costs will be absorbed within the tenant improvement costs for these leases. Following the definition of leased areas and the finalization of terms, PM will return to your Board with Material Terms.

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

FISCAL IMPACT: Sufficient funding for the not-to-exceed amount of \$20,000 for programming and design fee reimbursement is available as a budgeted county cost in the Capital Projects Fund, Project 4887, HHS CSOC Relocation.

JD/MR/LM/MM/JS
CC: COUNTY EXECUTIVE OFFICE / HHS

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