

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

To: **BOARD OF SUPERVISORS**

Date: **SEPTEMBER 22, 2009**

From:  **JAMES DURFEE / ALBERT RICHIE**

Subject: **VETERAN'S SERVICE OFFICE RELOCATION – LEASE AGREEMENT**

ACTION REQUESTED / RECOMMENDATION: It is recommended that your Board take the following actions associated with relocation of the Veteran's Service Office from 2995 First Street at the Placer County Government Center in Auburn to 1000 Sunset Boulevard, in Rocklin, CA:

1. Adopt the attached Resolution authorizing the Director of Facility Services, or his designee, to:
 - a. Complete negotiations for a Lease Agreement, based on the Material Terms attached hereto, between the County of Placer and Sunset Commercial Center, Inc., c/o Oates Investments, Inc. (SCC), for Veteran's Service Office (VSO) occupancy in space located at 1000 Sunset Boulevard in Rocklin, CA; and
 - b. Execute the resultant SCC Lease Agreement on behalf of your Board following approval by County Counsel and Risk Management.

2. Approve a Budget Revision to appropriate funds in the amount of \$35,000 in the Capital Projects Fund, VSO Relocation Project Account 04845 for the estimated relocation costs associated with this action.

BACKGROUND: On June 10, 2008, your Board authorized the Director of Facility Services to negotiate and execute a lease agreement that facilitated relocation of the Child Support Services Department (CSS) from Auburn to SCC's building at 1000 Sunset Boulevard in Rocklin. Included in the CSS lease agreement is a provision that extends the same favorable terms to any lease that the County signs within 18-months of CSS lease execution. On June 23, 2009, your Board similarly authorized a lease that will facilitate consolidation of various Health and Human Services functions at 1000 Sunset.

Through reevaluation of the Placer County Government Center (PCGC) 100-Ramp Remodel/Renovation Building Fund project, which included space for VSO functions, staff identified that the VSO operation would benefit from relocation to 1000 Sunset. The relocation of the VSO staff from the PCGC will avoid significant renovation of aging buildings, which would otherwise be required. Programming for the VSO staff determined that approximately 1,860 square feet at 1000 Sunset is required for adequate staff and support space. This move would resolve overcrowding at their existing facility and provide additional space to improve VSO's organizational efficiency and service delivery.

Property Management has negotiated Material Terms for a full-service gross lease (inclusive of all utilities, janitorial and maintenance expenses) at 1000 Sunset with a base rent of \$1.79 per square foot and 12-months of free-rent spread over the first 27 months of an initial 16-year lease term (Exhibit A). Staff also secured a \$50 per square foot tenant improvement allowance. As part of the tenant improvements to accommodate CSS, telecommunications infrastructure was sized to accommodate future County needs which include the proposed relocation of VSO.

In order to proceed with leasing actions associated with the VSO relocation project, Facility Services requests that your Board direct staff to complete the SCC Lease Agreement and authorize the Director of Facility Services to execute the agreement following approval by County Counsel and Risk Management.

ENVIRONMENTAL CLEARANCE: This action is Categorically Exempt from review pursuant to CEQA Guidelines Section 15301 as a lease and minor alteration of an existing structure.

FISCAL IMPACT: Initial monthly rent commences at a rate of \$1.79 per square foot for the 1,860 square foot leased premises. Given that the first six months are free of rent, the total first year rental cost at 1000 Sunset totals \$19,976. Following the expiration of free-rent provisions in FY 2011/12, the annual rental cost in lease-year four will be \$46,872. This full-service lease cost includes utility, maintenance, janitorial, and other expenses.

The costs will be fully offset by annual increases in State Veteran Affairs revenues obtained by the Veteran's Service Officer's continued workload performance and outreach to veterans. Consequently, no increased costs to the County General Fund are anticipated for these rental expenses. The estimated one-time relocation expense estimated to be \$35,000 will be funded by reducing appropriations in the Capital Projects Fund, Miscellaneous Project Account 4907 and appropriating the funds in the Capital Projects fund, VSO Relocation Project Account 04845.

ATTACHMENTS: RESOLUTION
EXHIBIT A - MATERIAL TERMS OF LEASE AGREEMENT
BUDGET REVISION

JD:AR:MR:MM:DB

CC: COUNTY EXECUTIVE OFFICE
VETERAN'S SERVICE OFFICE

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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 to Negotiate and
Execute Lease Documents that Facilitate
Relocation of the Veteran's Service Office
to 1000 Sunset Boulevard in Rocklin, CA.

resol. No: _____

The following RESOLUTION was duly passed by the Board of Supervisors of the
County of Placer at a regular meeting held _____, 2009 by the
following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

Chairman, Board of Supervisors

Clerk of said Board

WHEREAS, the Veteran's Service Office (VSO) has occupied office space at 2995 First Street at the Placer County Government Center (PCGC) in Auburn; and

WHEREAS, the VSO desires to consolidate certain operational activities to a common location in order to be more efficient and effective in providing services to the public; and

WHEREAS, programming for these combined functions indicates an area no-to-exceed approximately 1,860 square feet at 1000 Sunset Boulevard in Rocklin.

NOW THEREFORE, BE IT RESOLVED, that the Placer County Board of Supervisors does hereby authorize the Director of Facility Services, or his designee, to complete negotiations for a Lease Agreement, based on the Material Terms attached hereto, between the County of Placer and Sunset Commercial Center, Inc., c/o Oates Investments, Inc. (SCC) for the of the Veteran's Service Office occupancy in a building located at 1000 Sunset Boulevard in Rocklin, CA and execute the SCC Lease Agreement on behalf of your Board, following its approval by County Counsel and Risk Management.

EXHIBIT A – MATERIAL TERMS OF LEASE AGREEMENT

The following summarizes the key terms and conditions which the parties agree will be incorporated as the material terms of a proposed lease agreement between The County of Placer and Sunset Commercial Center, Inc., c/o Oates Investments, Inc:

1. Parties: Agreement shall be between the County of Placer, a political subdivision of the State of California (County) and Sunset Commercial Center, Inc., c/o Oates Investments, Inc., a California corporation (Landlord).
2. Building Location: 1000 Sunset Blvd, Rocklin CA 95765
3. Premises: The premises shall total approximately 1,860 rentable square feet.
4. Term: Sixteen years (192 months).
5. Commencement/Occupancy: Commencement and occupancy of the County shall occur on or before February 1, 2010.
6. Early Occupancy: County shall be allowed access to the building at least 30 days prior to the Commencement Date, to coordinate the installation of furniture, fixtures, and other items necessary to conduct business at no cost to Tenant.
7. Rent: Rent shall be paid monthly to equal the Total Annual amount as follows:

Lease Year	Equivalent Monthly Cost / SF	Months	Total Annual
1	\$0.00	6	\$0.00
1	\$1.79	6	\$19,976.40
2	\$0.00	3	\$0.00
2	\$1.89	9	\$31,638.60
3	\$0.00	3	\$0.00
3	\$1.93	9	\$32,308.20
4	\$2.10	12	\$46,872.00
5	\$2.14	12	\$47,764.80
6	\$2.18	12	\$48,657.60
7	\$2.22	12	\$49,550.40
8	\$2.27	12	\$50,666.40
9	\$2.31	12	\$51,559.20
10	\$2.36	12	\$52,675.20
11	\$2.40	12	\$53,568.00
12	\$2.45	12	\$54,684.00
13	\$2.50	12	\$55,800.00
14	\$2.55	12	\$56,916.00
15	\$2.60	12	\$58,032.00
16	\$2.65	12	\$59,148.00

8. Lease Type: Full Service Gross: Landlord is to be responsible for base year operating expenses including property taxes, property insurance, Common Area Maintenance, utilities and janitorial, and repair of the structural portions of exterior walls, roof, and foundation unless damaged by Tenant. Tenant will pay prorata share of increases over base year operating expenses. The base year for this lease will be 2010 with expenses above the Base Year billed at actual cost, except that management expense increases shall be capped at four percent (4%).
9. Lease Agreement: Parties shall utilize the County's modified lease agreement that was used for Health and Human Services at the same location, with minor modifications.
10. Rent Abatement: Months 1-6, 13-15, and 25-27 will be free of rent, for a total of twelve (12) months free of rent.
11. Use: The Premises shall be used for office space to house the Veteran's Service Office.
12. Option to Extend Term: Provided County is not in default, County shall have one (1) five-year option to extend the lease agreement at the then-current fair market value.
13. Tenant Improvements: Landlord will provide tenant improvement allowance of \$50.00 per usable square foot. Tenant improvement costs that exceed that allowance shall be paid by County. At County's option, any overage above the Tenant Improvement allowance (not to exceed \$5.00 per USF) shall be paid: 1) in cash, or 2) as additional rent at the rate of \$.01 over base rent for every \$1.00 per USF over the Tenant Improvement allowance, or 3) some combination of both.
14. Signage: Landlord, at Landlord's sole cost and expense, shall provide public area signage.
15. Parking: Five (5) parking stalls per 1,000 USF. Two reserved stalls marked at Landlord's sole cost and expense.

Landlord accepts and agrees to the incorporation of the above material terms into the preparation of a lease agreement between Landlord and the County. Landlord and the County recognize and agree that the enforceability of the terms of any future resulting lease agreement shall be subject to prior approval by the Placer County Board of Supervisors or its designee, and the Landlord.

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PLACER COUNTY

BUDGET REVISION

PAS DOCUMENT NO. _____

POST DATE:

DEPT NO.	DOC TYPE	Total \$ Amount	TOTAL LINES
12	BR	140,000.00	4

Cash Transfer Required

Reserve Cancellation Required

Establish Reserve Required

mg

Auditor-Controller

County Executive

Board of Supervisors

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
											12	014		140		991078	04845	4151			35,000.00
											12	034		140		991078	04845	4151	704845	010000	35,000.00
											12	015		140		991078	04907	4151			35,000.00
											12	035		140		991078	04907	4151	704907	010000	35,000.00
TOTAL										0.00	TOTAL										140,000.00

REASON FOR REVISION: To shift appropriations from capital project 4907-Miscellaneous Projects to 4845-Veterans Relocation to 1000 Sunset.

Prepared by Valerie Bayne Ext 6803
 Department Head Valerie Bayne
 Board of Supervisors _____

Date: 9/22/09
 Page: _____

Budget Revision # _____ FOR INDIVIDUAL DEPT USE

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