

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

To: Honorable Board of Supervisors

Date: October 7, 2014

From: Mary Dietrich, Facility Services Director
By: Laurie Morse, Property Manager 

Subject: Child Support Services – Lease Amendment No. 4

ACTION REQUESTED:

1. Authorize the Director of Facility Services, or designee, to complete negotiations and execute Lease Amendment No. 4 to Lease Agreement No. CN028093 between the County of Placer and Sunset Commercial Center, LLC for the construction of restroom improvements based on the attached Material Terms, following approval by County Counsel and Risk Management, in an amount not-to-exceed \$187,000 of previously budgeted net county cost.

BACKGROUND: In July 2009, the Department of Child Support Services (CSS) relocated to the 2nd floor of a 97,295 square foot commercial building known as the Sunset Commercial Center at 1000 Sunset Boulevard in Rocklin (1000 Sunset). Approximately six months later, the Human Services Division (HS) moved into a suite adjacent to CSS, and Veteran's Services moved into the 1st floor. In 2010, this was followed by HS Employment Services; and in 2013 HHS Children's System of Care, Women Infants and Children, and Public Health Nursing moved to the 1st floor. HS Employment Services increased their premises in late 2013, and Placer County now occupies over 90% of the building area at 1000 Sunset.

Although much of 1000 Sunset was vacant before the County moved in, the building was improved with common area restrooms in the 1st and 2nd floor lobbies. As is typical for commercial buildings, these were designed to serve all of the building's tenants and customers. To accommodate the programmatic and security requirements of County departments, staff restrooms were constructed inside most of the suites during those individual tenant improvement projects. During the first HS tenant improvement project, the 2nd floor lobby restroom was reconfigured to provide secure restrooms for HS staff. This resulted in the unavailability of public restrooms on the 2nd floor, which has proven inconvenient and operationally challenging for CSS customers.

To address this situation, CSS requested that Property Management investigate the possibility of adding additional restrooms on the 2nd floor. The Landlord's architect conducted interviews, reviewed the Uniform Building Code, and concluded that the original 1st floor common area restrooms are sufficiently sized to serve the public visiting this building. However, the architect's analysis recognized that CSS customer's and the needs of young children and the elderly justify additional public restrooms on the 2nd floor. The Architect developed a conceptual plan for men's and women's public restrooms in the 2nd floor common area and the design has been accepted by the Landlord, CSS, and HS. The Landlord's estimate to perform the restroom improvement project is estimated at \$187,000 including architectural design, construction, and Landlord construction management. To accomplish this project, the parties have agreed to terms for the proposed Amendment No. 4 to CSS' Lease Agreement amending Section 2.E (Future Tenant Improvements) of the Lease Agreement to authorize the Landlord to perform and be reimbursed for the proposed restroom improvements (see Exhibit A – Material Terms).

The proposed Amendment No. 4 will also increase the Lease Agreement's Future Tenant Improvements (TI's) Expenditure Cap from \$500,000 to \$727,000, to account for this proposed restroom improvement project (\$187,000), and the previously approved CSS lobby improvement project (\$40,000). Increasing the Expenditure Cap will ensure that unanticipated Future TI's can be implemented through the streamlined process provided for in the Lease Agreement. The Lease Agreement provides for the Landlord's performance of Future TI's so long as the project and costs are addressed in an Amendment as approved by County Counsel, CEO, CSS and the Landlord.

To proceed with this project, your Board's approval of the proposed Lease Amendment No. 4, based on the attached Material Terms, is necessary. Staff requests that your Board authorize completion of the negotiations and execution of Lease Amendment No. 4 with approval of Risk Management and County Counsel.

ENVIRONMENTAL CLEARANCE: The Amendment to this Lease Agreement 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 this project is \$230,000, which includes costs for Landlord's construction and management, architectural design, County staff and professional services. Funding for this expense is a previously budgeted net county cost, available in the Capital Project No. 4918 – 1000 Sunset Restrooms.

ATTACHMENT: EXHIBIT A - MATERIAL TERMS – LEASE AMENDMENT NO. 4

AVAILABLE FOR REVIEW AT THE CLERK OF THE BOARD'S OFFICE:
LEASE AGREEMENT NO. CN028093;
LEASE AMENDMENTS NOS. 1, 2, AND 3

CC: COUNTY EXECUTIVE OFFICE
CHILD SUPPORT SERVICES
AUDITOR – CONTROLLER

MD/MR/LM/NT

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EXHIBIT A – MATERIAL TERMS – LEASE AMENDMENT NO. 4

The following summarizes the key terms and conditions which the Parties agree will be incorporated as the Material Terms for Lease Amendment No.4 of Lease Agreement No. CN028093.

1. **Parties:** The Parties are the County of Placer, a political subdivision of the State of California (County) and Sunset Commercial Center, LLC, a California limited liability company (Landlord).
2. **Premises:** 1000 Sunset Boulevard, Suite 200, Rocklin CA.
3. **Scope of Work:**
 - a. **Restroom Improvements.** Upon the Parties' approval of the Architectural Construction Documents, the Landlord shall perform all of the work and supply all the necessary materials and labor to construct the men's and women's public restrooms in the 2nd floor common area near CSS' suite (Restroom Improvements). This work includes the preparation of any required plans and specifications including all architectural, engineering, and design services; acquisition of all required permits; and the provision of all materials, equipment, and labor required to construct the Restroom Improvements.
 - i. Restroom Finishes. Said Restroom Improvements will be performed in comparable quality as current Common Area building finishes.
 - ii. Use and Ownership of Restroom Improvements. Upon completion of the Restroom Improvements, the Parties agree that County shall have the sole use and control of said Improvements throughout the Term or any extension thereof. Upon termination of the Lease Agreement, the Restroom Improvements shall become the property of Landlord and the County shall have no obligation to remove said Improvements.
 - iii. Maintenance and Costs. Landlord agrees to perform maintenance, repair, stocking of products and the performance of custodial services for the new restrooms with the same standard of care as Landlord provides to other Common Area improvements. Said Restroom Improvements shall be considered Common Area and said addition of these Improvements will not result in a change to the Building Load Factor as specified in Child Support Services Lease Agreement and all other County Lease Agreements at 1000 Sunset.
4. **Labor:** All work shall be done after-hours, on weekends or recognized County Holidays, and/or with prior approval by the County's assigned Project Manager. All work shall comply with all laws regarding payment of prevailing wage, including, without limitation, California Labor Code sections 1775, 1777 and 1811, and as such laws may be amended or modified. Landlord agrees to comply with any directives or regulations issued by the California State Department of Industrial Relations or any other regulatory body of competent jurisdiction.

5. **Payment:** Within ten working days of completion and issuance of final permit by the local building authority, County shall inspect the same and provide Landlord with any corrections or "punch list" items in writing at the time of such inspection. Improvements shall be deemed to be complete when the final Restroom Improvements are approved by the County. Once approved by the County, Landlord shall prepare an itemized final invoice, plus any adjustments thereto for approved change orders and the Landlord's management and oversight fees including, but not limited to, construction management, asset management and property management activities, not to exceed 3% of project cost. In no event shall the total of the final invoice exceed \$187,000 for the Restroom Improvements. Invoices shall be due and payable to the Landlord within 45 days of receipt of itemized final invoice, and the payment shall be made as Additional Rent pursuant to the Lease Agreement.

6. **Expenditure Cap – Future Tenant Improvements:** The Expenditure Cap for Future TI's over the Initial Term of this Lease Agreement and Option Term shall increase to an amount not-to-exceed \$727,000.

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