



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 5/21/2024

To: Sonoma County Board of Supervisors

Department or Agency Name(s): Public Infrastructure / Health Services

Staff Name and Phone Number: Johannes J. Hoevertsz-SPI, 707-565-2550 / Tina Rivera-DHS, 707-565-4774

Vote Requirement: Majority

Supervisory District(s): All

Title:

Lease Amendment for Department of Health Services, 2227 Capricorn Way, Santa Rosa

Recommended Action:

Authorize the Director of Sonoma County Public Infrastructure to execute the proposed lease amendment with SR Lakes Waterfall DE, LLC and Redbird SR Lakes Waterfall DE, LLC (the Landlord), to increase the leased premises at 2227 Capricorn Way, Santa Rosa. The proposed amendment would expand the leased premises by 1,168 sq. ft., and increase rent by \$2,441 per month for the expansion space, subject to 3% annual increases.

Executive Summary:

This matter involves a proposed lease expansion for the Sonoma County Department of Health Services (hereinafter, "DHS"), which currently occupies 24,139 sq. ft. of leased office space at 2227 Capricorn Way, in Santa Rosa. The proposed 1,168 sq. ft. expansion will provide office space for the DHS Behavioral Health Transportation Team and Transitional Recovery program. Currently, these programs are housed in neighboring suites with other programs, which impinges on the space and operational needs of those other programs.

Discussion:

This item seeks Board authorization for the Director of Sonoma County Public Infrastructure to execute the proposed amendment to the existing lease between SR Lakes Waterfall DE, LLC and Redbird SR Lakes Waterfall DE, LLC (the Landlord) and the County, in order to expand the premises by 1,168 sq. ft. (Expansion Space -Suite 202), for a total of 25,307 sq ft. at 2227 Capricorn Way in Santa Rosa.

The Behavioral Health Division of DHS has leased office space at 2227 Capricorn Way, in Santa Rosa (Suites 201, 203, 206, 208, 210 and 212) since December 2017. The current premises are comprised of 24,139 sq. ft. of office space, providing space for the Administration Services for the Behavioral Health Division, as well as the following Behavioral Health Division program services: Quality Assurance and Quality Improvement teams, Medical Records, Youth & Family Support Services, Family Advocacy Support & Treatment, and the Substance Use Disorder Program. The lease term expires on July 30, 2028, and the current monthly rent is \$51,407 (\$626,890 per year). The Real Estate team has conducted a thorough review of the leasing costs and determined that the lease terms are consistent with current market conditions.

The Expansion Space will provide space for the Behavioral Health Transportation Team and Transitional Recovery program. The program services include providing safe transportation for Medi-Cal beneficiaries from acute and long-term psychiatric facilities to community placements, providing transportation and support for medical appointments for clients of the Behavioral Health Division, providing assessment, case management, and treatment to County Lanterman Petris Short (LPS) conservatees in long-term facilities within and outside of Sonoma County with the goal of preparing these clients to live in more independent levels of care within their community and off LPS conservatorship. The Transitional Recovery program services include ongoing supervision and support to adults who require facility-based treatment, offering an opportunity to stabilize and prepare for community discharge. Eight (8) FTE's will be located to the Expansion Space to administer these services. This staff is currently situated at 2245 Challenger Way (also at The Lakes office complex), and the office space vacated by this staff at 2245 Challenger Way will be backfilled by BH Adult Teams staff.

Proposed Lease Amendment. The terms for the proposed Lease Amendment are as follows:

Premises: Suite 202, comprised of 1,168 rentable sq. ft. at 2227 Capricorn Way in Santa Rosa. The current Premises are adjacent to other DHS Behavioral Health program offices at 2225, 2235, 2245 and 2255 Challenger Way, and 2227 Capricorn Way in south Santa Rosa, to provide easy access to BH services for clients at a single location. Please see the attached Site Plan.

Term: No change. The lease term will expire on July 30, 2028.

Rent: \$2,441 per month (\$2.09 per sq. ft.) commencing on or about June 1, 2024, for the Expansion Space, subject to 3% annual increases. In addition to base rent for the lease, the department pays for its prorata share of operational expenses. The \$2.09 psf rental rate is at market rate, which is between \$1.70 per sq. ft. to \$2.66 per sq. ft. for comparable available office space in the south Santa Rosa area.

Tenant

Improvements:

Carpet cleaning and repainting, performed by Landlord, at Landlord's sole cost and expense.

Termination: County may terminate the lease if funding for the Premises or program is reduced or withdrawn, or for any reason, with 180 days' prior written notice, to the Landlord.

Funding: The one-time move costs of \$45,000 associated with the Expansion Space include ISD/IT work to provide Wi-Fi connectivity, office equipment and furnishings for the Expansion Space, and \$2,441 for the increase in rent for the month of June 2024. These costs are included in the FY2023-24 current budget. Future ongoing lease rent costs will be paid out of programmed 1991 Mental Health Realignment funds.

Procedural Authority. Government Code Section 25350 requires two (2) Board actions, which includes publication of a notice of intent, for the County to lease real property as tenant, and where the lease is valued at more than \$50,000. The notice of intent for this lease transaction has been published for the required notice period pursuant to the Board's action on April 30, 2024, and in accordance with the Government Code.

Strategic Plan:

N/A.

Racial Equity:**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

Prior Board Actions:**04/30/24:**

Declared intent to enter into the proposed 2nd Amendment

01/10/23:

Authorized Director of Sonoma Public Infrastructure to execute 1st Amendment

12/06/22:

Declared intent to enter into the proposed 1st Amendment; Adopted a resolution authorizing a \$137,451 budgetary adjustment to the DHS FY2022-23 Adopted Budget

12/05/17:

Authorized the General Services Director to execute the subject lease for 2227 Capricorn Way, Santa Rosa, with SR Lakes Waterfall DE, LLC and Redbird SR Lakes Waterfall DE, LLC, in addition to leases for 2235 Challenger Way, Santa Rosa and 2255 Challenger Way, Santa Rosa

11/17/17:

A. Authorized the Board Clerk to publish notices, declaring intent to execute the above-noted leases;
B. Adopted a resolution authorizing budgetary adjustments to the FY2017-18 adopted budget to allocate General Fund contingency of \$1,006,338 and \$400,000 from Services Fund Balance to Capital Projects to fund one-time relocation of Behavioral Health facilities from the Chanate Campus. (4/5th vote required)
C. Authorized the General Services Director to execute a letter-agreement whereby the Landlord would prepare architectural construction drawings and apply for building permits prior to the potential execution of the proposed leases and approval by the Board.

FISCAL SUMMARY

Expenditures	FY 23-24 Adopted	FY 24-25 Projected	FY 25-26 Projected
Budgeted Expenses	\$47,441	\$30,099	\$30,172
Additional Appropriation Requested			
Total Expenditures	\$47,441	\$30,099	\$30,172
Funding Sources			
General Fund/WA GF			
State/Federal	\$47,441	\$30,099	\$30,172

Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$47,441	\$30,099	\$30,172

Narrative Explanation of Fiscal Impacts:

\$47,441 of appropriations for this lease amendment (\$2,441 for rent associated with additional space for June 2024, and \$45,000 for the one-time ISD/IT equipment installation, furniture, and set up costs) are included in the FY 2023-2024 DHS Behavioral Health Services (11605-22030105) adopted budget. Ongoing rent expenditures will be funded via 1991 Health Realignment or other appropriate funding and included in the DHS annual Recommended Budget.

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

- 1 – Site Plan
- 2 – Copy of Proposed Lease Amendment

Related Items “On File” with the Clerk of the Board:

None.