



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 12/6/2022

To: Sonoma County Board of Supervisors

Department or Agency Name(s): Sonoma County Public Infrastructure; County Administrator's Office

Staff Name and Phone Number: Johannes J. Hoevertsz - Public Infrastructure, 707-565-2550; Nour Maxwell - County Administrator's Office, 707-565-1743

Vote Requirement: Majority

Supervisory District(s): All

Title:

Lease Amendment for the Sonoma County Archives Storage at 3555 Westwind Boulevard, Santa Rosa

Recommended Action:

Authorize the Clerk of the Board to publish notice declaring the intent of the Board of Supervisors to execute a First Amendment to Lease with Sonoma County Farm Bureau, as Landlord, for 5,269 square foot of air-conditioned warehouse space at 3555 Westwind Boulevard, Santa Rosa, occupied by the Sonoma County Archives, that will extend the existing lease term five (5) additional years, commencing August 1, 2023 and expiring July 31, 2028, at an estimated monthly occupancy cost of \$8,799.23 (\$1.67 per square foot per month), consisting of an initial monthly rent of \$6,059.35, (\$1.15 per square foot per month) plus an estimated charge for the premises' pro-rata share of building taxes, insurance and maintenance expenses ("NNN expenses") of \$1,317.25 per month (\$.25 per square foot per month) plus utilities and janitorial expenses estimated at \$1,422.63 per month (\$.27 per square foot per month), with the lease extension to provide long term, secure storage for Sonoma County Archives while giving the County the right to terminate the lease with 180 days' notice for non-appropriation of funds. The Board allocated \$140,000 during the FY 21/22 budget hearings to cover the rent cost for the initial two-year lease term that expires July 31, 2023.

Executive Summary:

Purpose. The Director of Sonoma County Public Infrastructure, formerly General Services, in consultation with the County Administrator's Office, requests Board consideration of an Amendment to a Lease at 3555 Westwind Boulevard, consisting of 5,269 rentable square feet and occupied by the Sonoma County Archives. The proposed Amendment will extend the existing lease term five (5) additional years, commencing August 1, 2023 and expiring July 31, 2028, at an estimated monthly occupancy cost of \$8,799.23 (\$1.67 per square foot per month), consisting of an initial monthly rent of \$6,059.35, (\$1.15 per square foot per month) plus an estimated charge for the premises' pro-rata share of building taxes, insurance and maintenance expenses ("NNN expenses") of \$1,317.25 per month (\$.25 per square foot per month) plus utilities and janitorial expenses estimated at \$1,422.63 per month (\$.27/sf/month).

The estimated leasing cost for the 5-year extension term will be higher than the initial 2-year lease term due to: (1) A 4% increase in rent at commencement of the 5-year extension term, from \$1.11 per square foot per month to \$1.15 per square foot per month; (2) During the 5-year extension term the Landlord will be charging

an additional fee to the County representing the County's pro-rata share of the building's taxes, insurance, and common area maintenance costs, commonly referred to as NNN expenses, with this additional fee to be \$.25 per square foot per month for years 1-2, \$.30 per square foot per month for years 3-4, and \$.35 per square foot per month for year 5; (3) Unlike during the initial 2-year term when rent was fixed, during the 5-year extension term base rent will be increased by 3% per year; (4) Unlike the initial 2-year lease term budget, the 5-year extension term budget includes an estimated cost for the County's own utility and janitorial expenses, estimated at \$.27 per square foot per month with an estimated 4% annual increase due to inflation. Factoring in all the expenses listed above, total occupancy cost at commencement of the 5-year extension term will be an estimated \$1.67 per square foot per month, representing a below market occupancy cost for fully conditioned office space in Santa Rosa but a higher occupancy cost than the initial 2-year lease term.

Board approval of the Lease will provide long term, secure storage for the Sonoma County Archives.

Discussion:

Background. In 1965, Board of Supervisors Resolution No. 65-14021 designated Sonoma County Library the official archives for the County of Sonoma and the City of Santa Rosa. In 1995, the County and Library entered into a license agreement, allowing the County's administration building located at Los Guilicos to be used to house the archives. In 2021, the Glass Fire ravaged the area, and posed a direct threat to the archives. This situation prompted the County and the Library to agree to relocate the County's archives from Los Guilicos to a safer location. As an immediate short-term solution, the Board allocated \$140,000 during the FY 21/22 budget hearings to cover the rent cost for a two-year lease term with Farm Bureau, which is set to expire August 1st, 2023.

In February 2022, the County Administrator's Office, supported by the Department of Sonoma County Public Infrastructure, initiated lease extension discussions with the Sonoma County Farm Bureau, Landlord for 3555 Westwind Boulevard. Negotiations between the County and Landlord continued through October 2022 when lease extension terms and a draft Lease Amendment was agreed to.

With this Amendment, the County Administrator's Office seeks to extend the term of its existing lease at 3555 Westwind Boulevard, Santa Rosa by five (5) additional years to provide long term, secure storage for the Sonoma County Archives. During this five-year period, the County's goal is to work with the Sonoma County Library to identify and implement a permanent storage solution for the County archives. This lease extension will enable the Sonoma County Library to continue to fulfill its role in managing the archives and ensuring patrons' access to these records. While the Library owns some of the material, the bulk of these archives belong to the County, including thousands of County records that the Board of Supervisors designated as archival at the recommendation of the Historical Records Commission. In addition, the Library gets requests from researchers and historians to access these archives, however, most requests for materials come from County Departments.

Your approval of the proposed Lease Amendment will allow the Sonoma County Archives secure storage for five (5) additional years, while retaining the County's right to terminate the lease for non-appropriation of funds with 180 days' notice.

Lease Amendment. The proposed Lease Amendment between Sonoma County Farm Bureau, as Landlord, and the County of Sonoma, as Tenant, contains the following key provisions:

1. Five (5) year lease extension commencing August 1, 2023 and expiring July 31, 2028
2. Estimated monthly occupancy cost of \$8,799.23 (\$1.67 per square foot per month), consisting of an initial monthly rent of \$6,059.35, (\$1.15 per square foot per month) plus an estimated charge for the premises' pro-rata share of building taxes, insurance and maintenance expenses ("NNN expenses") of \$1,317.25 per month (\$.25 per square foot per month) plus utilities and janitorial expenses estimated at \$1,422.63 per month (\$.27 per square foot per month)
3. Annual base rent increases based upon CPI, not to exceed 4%
4. Premises remains unchanged with no landlord paid for tenant improvements
5. County retains all its existing rights under its current lease including free on-site parking
6. County granted the right to terminate the lease with 180 days' notice for Non-appropriation of Funds.

County staff determined that the negotiated rent represents a fair market rental rate for the location and quality of the office building.

Procedural Authority. Government Code Section 25350 requires publication of notice of the Board's intent to enter into a lease for three successive weeks prior to execution of the lease agreement where it is valued at more than \$50,000. If your Board takes the requested action, this matter will return to the Board on or after January 10, 2023, for consideration and consummation of the proposed lease.

Strategic Plan:

N/A

Prior Board Actions:

6/15/2021 – Adoption of the Fiscal Year 2021-22 Budget, including community request # 11 of a one-time \$140,000 funding for the inventory and rehouse of County records at Los Guilicos

3/14/1995 – Revocable License Agreement for a portion of the Administration Building located at Los Guilicos, Sonoma Valley, California

9/27/1965 – Concurrent resolution with the City of Santa Rosa designating Sonoma County Library the official archives for the County of Sonoma and the City of Santa Rosa

FISCAL SUMMARY

Expenditures	FY22-23 Projected	FY 23-24 Projected	FY 24-25 Projected
Budgeted Expenses		\$105,616	\$109,208
Additional Appropriation Requested			
Total Expenditures		\$105,616	\$109,208

Funding Sources			
General Fund/WA GF		\$105,616	\$109,208
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources		\$105,616	\$109,208

Narrative Explanation of Fiscal Impacts:

There are sufficient funds in the Los Guillicos Archives Capital Projects fund to cover the initial two-year lease term expiring on July 31, 2023.

The total cost of the extended five-year lease is \$578,115. Appropriations for the first year lease amendment will be requested in the FY 23/24 Department of Public Infrastructure Recommended Budget, and every year thereafter until lease expiration date of July 31, 2028. Funding for the lease will be included in the FY 23/24 and future year Non-Departmental Recommended Budget utilizing existing General Fund resources.

Projected annual cost of extended five-year lease:

Year one \$105,616

Year two \$109,208

Year three \$116,106

Year four \$119,991

Year five \$127,194

Total Cost \$578,115

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

1-Lease Amendment between Sonoma County Farm Bureau as Landlord and the County of Sonoma as Tenant

2-Notice of Intent to Lease

Related Items "On File" with the Clerk of the Board:

3555 Westwind Boulevard Lease