



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; Department of Health Services

Staff Name and Phone Number: Johannes J. Hoevertsz – Public Infrastructure, 707-565-2550; Tina Rivera – Health Services, 707-565-4774

Vote Requirement: 4/5th

Supervisory District(s): All

Title:

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

Recommended Action:

- A) Authorize Clerk of the Board to publish a notice, declaring the Board's intent to enter into 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 for the Department of Health Services Behavioral Health Services.
- B) Adopt a Resolution authorizing a \$137,451 budgetary adjustment to the Department of Health Services FY 2022-2023 Adopted Budget. (4/5th Vote Required)

(4/5th Vote Required)

Executive Summary:

This matter involves a proposed lease expansion for the Department of Health Services (DHS), who currently leases office space at 2227 Capricorn Way, in Santa Rosa. The proposed expansion space for an additional 2,418 sq. ft. will enable DHS to provide Substance Use Disorder program services to current clients that previously received services from a contractor that closed in July of 2022. A total of 3.5 FTE's will be located in Suite 206 at 2227 Capricorn Way to administer these services. Program services include screening and assessment to determine level of care; individual counseling; group counseling sessions with 12 to 15 clients per session; case management; and evaluation and support of after-care needs including housing, long-term mental health support, and vocational training. Thus, the expanded premises will also provide space for meetings to host Driving Under the Influence and Drug Dependency counseling sessions.

Discussion:

This item seeks Board approval to publish a notice declaring the Board's intention to amend the current lease between SR Lakes Waterfall DE, LLC and Redbird SR Lakes Waterfall DE, LLC (the Landlord) and the County, in order to expand the current premises by 2,418 sq. ft. (Expansion Space -Suite 206), at 2227 Capricorn Way in Santa Rosa (Premises), and to adjust the department's operational budget covering one-time moving costs, in addition to increased monthly lease rent costs for the Expansion Space.

The DHS Behavioral Health Division 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 21,721 sq. ft. of

office space, providing space for the Administration Services for the Behavioral Health Division; as well as Behavioral Health Division program services: Quality Assurance and Quality Improvement teams, Medical Records, Youth & Family Support Services, and Family Advocacy Support & Treatment. The lease expires on July 30, 2028, and the current monthly rent is \$46,499 (\$557,987 per year).

The Expansion Space will provide space for the Behavioral Health Division's Substance Use Disorder section. The Substance Use Disorder program services include case management of clients participating in the Driving Under the Influence court and Drug Dependency court, and group counseling services.

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

Premises: Suite 206, comprised of 2,418 rentable sq. ft. at 2227 Capricorn Way in Santa Rosa.

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

Rent: \$4,908 per month (\$2.03 per sq. ft.) commencing on the effective date of the proposed lease amendment for the expanded space through July 30, 2023, subject to 3% annual increases. In addition to base rent the lease, the department pays for its prorata share of operational expenses. The \$2.03 psf rental rate is at market rate, which is between \$1.80 per sq. ft. to \$2.25 per sq. ft. for comparable office space for lease, in Santa Rosa.

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 and subject to payment of the Lease Termination Fee as stated in the Lease.

Funding: The one-time move costs associated with the Expansion Space include ISD/IT work, office equipment and furnishings to provide Wi-Fi connectivity and furnish the Expansion Space for occupancy. DHS is requesting additional appropriations of \$108,000 for these one-time move costs, as well as \$29,451 for the increase in lease rent costs for the Expansion Space for the months of January through June 2023, for a total appropriations request of \$137,451. Future ongoing lease rent costs will be paid out of joint-program AB109 funds administered and held by the County Probation Department and Measure-O 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. If your Board takes the requested actions, this matter will return to the Board on or after January 10, 2023, for consideration and consummation of the proposed lease amendment in accordance with the Government Code.

Strategic Plan:

N/A the lease expansion in SR does not meet the intent of the objective which refers to satellite service centers away from SR.

Prior Board Actions:

December 5, 2017:

Authorized the General Services Director to execute leases with SR Lakes Waterfall DE, LLC and Redbird SR Lakes Waterfall DE, LLC, for the following leases, each with an initial term of 10 years, with one, 5-year option to extend the term:

- A. 2235 Challenger Way, Santa Rosa, for an initial rental rate of \$17,365 per month (\$208,375 per year) (\$1.80 per sq. ft.), with 9,647 sq. ft. of office space;
- B. 2255 Challenger Way, Santa Rosa, for an initial rental rate of \$12,809 per month (\$153,706 per year) (\$1.80 per sq. ft.); with 7,116 sq. ft. of office space;
- C. 2227 Capricorn Way, Santa Rosa, for an initial rental rate of \$39,098 per month (\$469,174 per year) (\$1.80 per sq. ft.); with 21,721 sq. ft. of office space.

November 17, 2017:

- 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 Department of Health 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 22-23 Adopted	FY 23-24 Projected	FY 24-25 Projected
Budgeted Expenses		\$60,670	\$62,490
Additional Appropriation Requested	\$137,451		
Total Expenditures	\$137,451	\$60,670	\$62,490
Funding Sources			
General Fund/WA GF			
State/Federal	\$137,451	\$60,670	\$62,490
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$137,451	\$60,670	\$62,490

Narrative Explanation of Fiscal Impacts:

This increase will be funded by Measure O funding. A total of \$137,451 is being requested in additional budgetary appropriations for FY 22-23: \$29,451 will be applied towards lease rent for the Expansion Space for the months of January through June 2023 (6 months). The balance of \$108,000 is requested for the one-time cost of \$50,000, to be budgeted for ISD/IT equipment installation and setup; and for the one-time cost of \$58,000, to be budgeted for FF&E (Furniture, Fixtures & Equipment), to be completed by County Public Infrastructure project move management. The additional lease rent costs for the Expansion Space are projected for FY 23-24 (\$60,670) and FY 24-25 (\$62,490). Future ongoing lease rent costs will be paid out of joint-program AB109 funds administered and held by the County Probation Department and Measure-O funds.

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

- 1 – Resolution
- 2 – Site Plan
- 3 – Notice of Intent
- 4 – Copy of proposed lease amendment

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

None.