



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 7/9/2024

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): Fourth

Title:

Lease Amendment for Department of Health Services, 140 South Cloverdale Boulevard, Cloverdale

Recommended Action:

Authorize the Director of Sonoma County Public Infrastructure to execute the proposed lease amendment, in form substantially as attached hereto and as approved by County Counsel, with Carl Edward Olson, as trustee of the Carl Edward Olson Revocable Trust dated October 27, 2014 (Landlord), for premises located at 140 South Cloverdale Boulevard, Cloverdale, extending the lease term for two years, through June 30, 2026, establishing rent at \$962.67 per month subject to 2% annual increases and County payment of utilities, and provide an option to further extend the term through June 30, 2027.

(Fourth District)

Executive Summary:

This matter involves a proposed lease extension for the Sonoma County Department of Health Services (hereinafter, "DHS" or "the Department"), which occupies leased office space at 140 So. Cloverdale Boulevard, in Cloverdale. The office is used by DHS Community Mental Health Centers outpatient team to provide mental health services to clients in the North Sonoma County area.

Discussion:

This item seeks Board authorization of the proposed amendment of the existing lease between Carl Edward Olson, as trustee of the Carl Edward Olson Revocable Trust dated October 27, 2014, (Landlord) and the County, for premises located at 140 So. Cloverdale Boulevard in Cloverdale (Premises), comprised of approximately 840 square feet of office space. The term of the lease expires on June 30, 2024, and the current rent is \$934.63 per month (\$1.11 per sq. ft.). Under the existing lease, DHS provides and pays for janitorial and for utilities. The proposed amendment would extend the lease for two years through June 30, 2026, provide for a one-year lease option to extend the term through June 30, 2027, and specify rent for the extended term. 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.

Since July 2015, the DHS Behavioral Health Division has provided Community Mental Health Center treatment services from this location to clients residing in the North Sonoma County area.

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

- Premises: No change - 840 sq. ft. of office space, located at 140 So. Cloverdale Boulevard in Cloverdale.
- Term: The lease term will be extended for two years through June 30, 2026. County will have one, 1-year option to further extend the lease term through June 30, 2027.
- Rent: Current rent is \$934.63 per month (\$1.11 per sq. ft). Monthly rent will increase to \$962.67 per month (\$1.15 per sq. ft.) commencing on July 1, 2024, subject to 2% annual increases. In addition to base rent for the lease, the department provides and pays for its janitorial services and utilities. The \$1.15 per sq. ft. base rental rate is below market rate in Cloverdale where there are few office properties available. The current base rental rates are between \$1.25 per sq. ft. and \$1.38 per sq. ft. for available office space in the Cloverdale area.
- Termination: County may terminate the lease if funding for the Premises or program is reduced or withdrawn, or for any reason, with 90 days' prior written notice, to the Landlord, and payment equal to three months of the then-monthly lease rent, upon delivery of the termination notice.

Funding: The lease rent costs will be paid from Mental Health Services Act (MHSA) and Federal Financial Participation (FFP) associated with Medi-Cal claiming.

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 May 21, 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:

05/21/24 – Declared intent to execute the proposed amendment

06/09/15 – Authorized the General Services Director to execute the subject lease

FISCAL SUMMARY

	FY 24-25 Projected	FY 25-26 Projected	FY 26-27 Projected
Expenditures			
Budgeted Expenses	\$11,552.04	\$11,783.07	\$12,018.73
Additional Appropriation Requested			
Total Expenditures	\$11,552.04	\$11,783.07	\$12,018.73

Funding Sources			
General Fund/WA GF			
State/Federal	\$11,552.04	\$11,783.07	\$12,018.73
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$11,552.04	\$11,783.07	\$12,018.73

Narrative Explanation of Fiscal Impacts:

Appropriations for this agreement are included in the FY 2024-2025 DHS Behavioral Health Mental Health Services (11605-22030105) Adopted Budget. Expenditures associated with lease costs will be reimbursed by Mental Health Services Act (MHSA) and Federal Financial Participation (FFP) associated with Medi-Cal claiming. Future year lease costs will be incorporated in the annual Recommended Budget Process.

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

- 1 – Floor Plan and Map
- 2 – Copy of Proposed Lease Amendment

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

None.