



## COUNTY OF SONOMA

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

### SUMMARY REPORT

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**Agenda Date:** 5/3/2022

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**To:** Sonoma County Board of Supervisors

**Department or Agency Name(s):** General Services, Human Services

**Staff Name and Phone Number:** Johannes J. Hoevertsz, General Services: 707-565-2550; Angela Struckmann, Human Services: 707-565-6990

**Vote Requirement:** Majority

**Supervisory District(s):** Countywide

**Title:**

Lease for Human Services Department at 2255 Challenger Way, Suite 106, Santa Rosa

**Recommended Action:**

Authorize the Board Clerk to publish notice declaring the intent of the Board of Supervisors to execute a Lease with SR Lakes Waterfall DE LLC and Redbird SR Lakes Waterfall DE LLC, ("Landlord"), as Landlord, for 3,095 square feet of office space, at 2255 Challenger Way, Suite 106, Santa Rosa, for a term of ten (10) years, commencing July 1, 2022, at an initial monthly rent of \$5,726 (\$1.85/sf/month) full service.

**Executive Summary:**

The Director of General Services, in consultation with the Human Services Department (HSD), requests Board consideration of a Lease at 2255 Challenger Way, Suite 106, Santa Rosa, consisting of 3,095 rentable square feet of office space, to be occupied by staff from the Human Services Department's Administrative Services Section. The proposed lease will meet the Department's needs for additional office space for its Planning, Research, Evaluation and Engagement (PREE) staff, who offer support and services to programs and projects across HSD's division as well as engagement with the community, local partners and organizations.

**Discussion:**

In February 2022, County General Services, on behalf of Human Services, conducted space inquiries and toured potential office space with the HSD management to help alleviate space constraint problems HSD was experiencing at its existing facilities located at 520 Mendocino Avenue, Santa Rosa, which were impacting its operations. For example, lack of office space for all PREE analysts impeded project collaborations and necessary confidential discussions regarding program clientele. Furthermore, continued flooding due to plumbing problems with restroom facilities presented public health issues at the 520 Mendocino building. Negotiations between the County and Landlord commenced in March 2022. HSD seeks new additional premises to provide office space and facilities for the PREE staff who have outgrown existing

facilities. Twelve PREE staff members will occupy this leased space to continue their work assessing the efficacy of HSD contractors in meeting programmatic targets in conjunction with community needs, specifically utilizing Result-Based Accountability (RBA) methodologies. The proposed ten-year lease term, with one five (5) year option exercisable at the County's discretion, will provide HSD with expanded access to new offices to more efficiently support PREE staff and local partners. The lease, if extended, would expire on or about June 30, 2037.

**Summary Major Lease Terms.** The proposed Lease between SR Lakes Waterfall DE LLC and Redbird SR Lakes Waterfall DE LLC, as Landlord, and the County of Sonoma, as Tenant, contains the following key provisions:

1. Ten (10) year lease term, commencing upon landlord's completion of tenant improvements, which is currently estimated to be July 1, 2022.
2. Initial monthly rent of \$5,726 (\$1.85/sf/month) full service.
3. Three percent (3%) fixed annual rent escalation.
4. County to have one option to extend the term for five years, with the rent during the option term to be negotiated with the landlord and not to exceed fair market value.
5. Prior to commencement of the lease, landlord to repaint and install new carpet throughout premises.
6. County retains right to terminate the lease with not less than 180 days written notice in the event of non-appropriation of funds (and subject to payment of unamortized value of tenant improvement work).
7. At County election, County may provide EV charging station equipment for installation at the building containing the premises, with all associated installation costs at County expense.

**Landlord to deliver turnkey premises.**

Prior to commencement of the term, landlord shall provide tenant improvement work to include new paint and installation of new carpet throughout premises at landlord's expense.

**HSD Project Costs**

Tenant relocation costs associated with moving twelve HSD staff from 520 Mendocino Avenue to the new premises at 2255 Challenger Way Suite 106 are estimated as follows:

**Schedule of Expenditures for the Preparation to Occupy 2255 Challenger Way**

**HSD Expenditures**

- |                    |                  |
|--------------------|------------------|
| • HSD-IT:          | \$56,000         |
| • Furniture Cost:  | \$90,000         |
| • Move Cost:       | \$6,000          |
| • <b>Subtotal:</b> | <b>\$152,000</b> |

**GSD/ISD Expenditures**

- ISD/Cabling Cost: \$35,000
- Project Mgmt: \$13,000
- Prox Access: \$10,000
- **Subtotal: \$58,000**

**Grand Total** of Expenditures: **\$210,000.**

**Procedural Authority.** Government Code Section 25350 requires publication of notice of the Board's intent to enter into a lease or lease amendment 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 May 24, 2022, for direction to execute the proposed lease.

**Strategic Plan:**

N/A

**Prior Board Actions:**

None.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 21-22 Adopted</b>	<b>FY22-23 Projected</b>	<b>FY 23-24 Projected</b>
Budgeted Expenses	\$60,000	\$222,000	\$72,000
Additional Appropriation Requested			
<b>Total Expenditures</b>	<b>\$60,000</b>	<b>\$222,000</b>	<b>\$72,000</b>
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal	\$60,000	\$222,000*	\$72,000
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>\$60,000</b>	<b>\$222,000</b>	<b>\$72,000</b>

**Narrative Explanation of Fiscal Impacts:**

Expenditures for preparations to occupy 2255 Challenger Way will be paid by Human Services, and are estimated at \$210,000 over two fiscal years based on the schedule of expenditures.

The target occupancy date at the commencement of the lease, on or about July 1, 2022, is also the start of the upcoming fiscal year 2022-2023. Since the target occupancy date is at the very start of FY 22-23, expenditures necessarily will straddle both FY 21-22 and FY 22-23.

Move-in costs that need to be incurred in advance of occupancy on July 1, 2022 will fall in FY 21-22. These advance costs are estimated to be \$60,000, for which appropriations are available in the current budget for FY 21-22. Funding to pay for the leased space will come from PREE's current sources: CalFresh, Medi-Cal, and TANF (Temporary Assistance for Needy Families).

The balance of the \$210,000 move-in expenditures, or \$150,000, will be disbursed in FY 22-23. This cost will be funded by 1991 Realignment as an eligible administrative expense per state guidelines. A monthly lease of \$6,000 per month, or about \$72,000 per annum, will constitute ongoing expenditures + any negotiated annual inflator in keeping with market rates.

\*Future annual rental expense will be included in the budget adoption process for FY 22-23 as an ongoing capital lease per GASB statement #87.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

Notice of Intent to Lease

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

Cost Breakdown of Move-In Expenditures