



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 6/13/2022

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:

A) Delegate authority to the Director of General Services to execute a Lease with SR Lakes Waterfall DE LLC and Redbird SR Lakes Waterfall DE LLC, 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.

B) Delegate authority to the Director of General Services to execute all extension options and related amendments under the Lease, in form approved by County Counsel and contingent on availability of funding for such.

Executive Summary:

The Director of General Services, in consultation with the Human Services Department (HSD), requests Board authorization to execute a lease at 2255 Challenger Way, Suite 106, Santa Rosa, 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 HSD, 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 2227 Capricorn Way, 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.

HSD seeks new lease space to provide office space and facilities for the PREE staff.

Negotiations between the County and Landlord commenced in March 2022. 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.

Twelve PREE staff members are planned to occupy this leased space. PREE staff work to assess the efficacy of HSD services and contracted providers in meeting programmatic targets in conjunction with community needs, specifically utilizing Result-Based Accountability (RBA) methodologies. PREE staff also support our community partners through administration of the Upstream Investments initiative, among other community programs and engagement efforts.

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, will contain 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 (5) years, with the rent during the option term to be negotiated 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 (i) non-appropriation of funds; (ii) discontinuation of agency or program; (iii) reduction or withdrawal of other agency funding; or (iv) approval and funding of new County government center to be substantially completed within 365 days' of said notice (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 Lease commencement, landlord would provide tenant improvement work to include new paint and installation of new carpet throughout premises at landlord's expense.

HSD Project Costs

Relocation costs associated with moving twelve HSD staff from 2227 Capricorn Way to the new Lease premises are estimated as follows:

HSD Expenditures

- HSD-IT: \$56,000
- Furniture Cost: \$90,000
- Move Cost: \$6,000

- **Subtotal:** **\$152,000**

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. Execution of this lease is authorized pursuant to Government Code Section 25350 and requires two Board actions. On May 3, 2022, your Board authorized the Clerk of the Board to publish a Notice of Intent to execute the proposed Lease. Thereafter, the Clerk published said Notice of Intent for at least three weeks as required under Section 25350 prior to execution of the proposed lease. Staff now returns to the Board with this second action item, for approval and delegated authority to the Director of General Services to execute the proposed lease.

Strategic Plan:
N/A

Prior Board Actions:

May 3, 2022 - Approval of Notice of Intent regarding the proposed lease

FISCAL SUMMARY

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

Total Sources	\$60,000	\$222,000	\$72,000
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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, to increase at 3% per annum.

*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.

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

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

None.

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

None.