



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 7/12/2022

To: Sonoma County Board of Supervisors

Department or Agency Name(s): General Services; Health Services

Staff Name and Phone Number: Johannes J. Hoevertsz, General Services, 707-565-2550; Tina Rivera, Health Services, 707-565-7901

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Lease Amendment for Department of Health Services at 1450 Neotomas Avenue, Santa Rosa

Recommended Action:

Second action by the Board of Supervisors authorizing the Director of General Services to execute a Third Amendment to Lease with CPSA - NEOTOMAS, LLC as Landlord, at 1450 Neotomas Avenue, Santa Rosa, on terms substantially similar to the draft attached hereto, which will add an additional 2,632 rentable square feet of office space ("Suite 120") to the County's existing Lease in the building, increasing the total rentable area from 29,245 square feet to 31,877 square feet, and increasing the total monthly rent by \$5,395.60 to \$67,687.45 (\$2.12/SF/Month) Full Service to reflect the increase in rentable square footage, with the amendment effective on or about September 1, 2022.

Executive Summary:

Purpose. The Director of General Services, in consultation with the Department of Health Services, requests Board consideration of an amendment to a Lease at 1450 Neotomas Avenue, Santa Rosa, a premises currently occupied by the Department of Health Services' Administration and Fiscal Divisions, which will increase the current size of the premises by 2,632 rentable square feet, from 29,245 square feet to 31,877 square feet, through the addition of first floor Suite 120, with the amendment effective on or about September 1, 2022. The proposed lease amendment adds Suite 120 to provide long term, dedicated office space to support the County's Interdepartmental Multi-Disciplinary Team ("IMDT") who work under the County's ACCESS model to overcome the issues of program silos by allowing County Departments, Agencies and Community Service Providers, and their frontline staff of clinicians, social workers, Adult Protective Service workers, probation officers, housing specialist and eligibility workers, to work collaboratively to coordinate care and goals to address the holistic needs of the vulnerable residents they serve.

Discussion:

On May 22, 2018, your Board approved the execution of a Lease at 1450 Neotomas Avenue for 28,546 rentable square feet to be occupied by Department of Health Services Administration. The purpose of the Lease was to increase operational efficiency at the Department of Health

Services by enabling all operations within Administration to work together in space that offers a more efficient open layout for improved intra-department visibility and communications, be in a more centralized location for improved access to all Department of Health Services operations throughout Sonoma County, and enjoy long term stability not available at the Department of Health Services' location on Chanate.

On November 5, 2019, your Board approved the execution of a First Amendment to Lease at 1450 Neotomas Avenue that vacated 1,381 square feet in the basement and added 2,080 square feet on the first floor of the Building ("Suite 130 Space"), increasing operational efficiency at the Department of Health Services by providing its Logistics Group with office space better suited for its tasks and the opportunity for future expansion.

On October 27, 2020, the Director of Health Services entered in a Second Amendment to Lease at 1450 Neotomas Avenue to secure Suite 100 on a short term basis as part of the County's emergency in support of the County's COVID-19 emergency response efforts, via the COVID-19 Pandemic Emergency Declaration, adopted by the Board of Supervisors on March 4, 2020 ("Emergency Declaration"). The County returned Suite 100 to the Landlord on March 31, 2021.

In March 2022, the County initiated discussions with the Landlord regarding adding Suite 120 to its leased premises at 1450 Neotomas Avenue. Negotiations between the County and Landlord continued through April 2022, when lease expansion terms and a draft lease amendment were agreed upon. The amendment adds to the existing Lease Suite 120, a 2,632 rentable square foot office suite on the building's first floor, and also requires the landlord to provide tenant improvements at landlord expense to Suite 120. The addition of Suite 120 to this location will provide long term, dedicated office space for the County's Interdepartmental Multi-Disciplinary Team's ("IMDT") to support its work in collaboratively coordinating care and goals to address the holistic needs of the vulnerable residents in the community.

Lease Amendment. The proposed Third Amendment to Lease between CPSA - NEOTOMAS, LLC, as Landlord, and the County of Sonoma, as Tenant, contains the following key provisions:

1. Addition of 2,632 rentable square feet in Suite 120 to the County's existing Lease of 29,245 rentable square feet at 1450 Neotomas Avenue, increasing total Lease area to 31,877 rentable square feet.
2. Increase in Lease monthly rent by \$5,395.60 to \$67,687.45 (\$2.12/SF/Month) Full Service to reflect the increase in square footage resulting from the addition of Suite 120 to the Lease.
3. Prior to commencement of Amendment, Landlord to make the following tenant improvements in Suite 120 at landlord expense: removal of white board, screen, and track lights; patching and painting throughout premises as deemed necessary; conduct an airflow assessment and provide the County with the assessment report, and professionally clean carpet.
4. Allow rent-free occupancy of Suite 120 for first 45 days of lease term.
5. County retains all its rights under its existing Lease.

6. Adding CPSA – NEOTOMAS, LLC, a California limited liability company (“CPSA”) as successor in interest to Cornerstone Properties II S, LLC and new landlord under the Lease.

Project Costs and Construction Schedule. The total relocation cost to the Department of Health Services is estimated to be \$98,000, consisting of \$66,000 for new furniture, \$22,000 for cabling and ISD support, and \$10,000 for proximity card installations. Landlord is to complete all tenant improvements, at the landlord’s sole expense, with estimated completion in August, 2022.

Procedural Authority. Government Code Section 25350 requires publication of notice of the Board’s intent to enter into a lease or leased amendment for three successive weeks prior to execution of the lease agreement where it is valued at more than \$50,000. Publication occurred pursuant to the Board’s May 24, 2022 action authorizing the publication of the notice of intent to enter into the proposed lease amendment.

Strategic Plan:
N/A

Prior Board Actions:

05/24/22 – Declare intent to enter into Third Amendment to Lease

11/05/19 – Authorize General Services Director to execute First Amendment to Lease

10/08/19 – Declare intent to enter into First Amendment to Lease

05/22/18 – Authorize General Services Director to execute Lease

04/10/18 – Declare intent to enter into Lease

FISCAL SUMMARY

Expenditures	FY22-23 Projected	FY 23-24 Projected	FY 24-25 Projected
Budgeted Expenses			
Additional Appropriation Requested	\$146,560.40	\$66,365.88	\$68,356.86
Total Expenditures	\$146,560.40	\$66,365.88	\$68,356.86
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$146,560.40	\$66,365.88	\$68,356.86
Use of Fund Balance			

Contingencies			
Total Sources	\$146,560.40	\$66,365.88	\$68,356.86

Narrative Explanation of Fiscal Impacts:

The FY22-23 Lease expenditures are included within the Department of Health Services current budget, and future year rent expenditures will be included during the budget adoption process. The funding source for the expanded lease cost will be primarily funded via Measure O Sales Tax (board item date 5/3/22) and will be included with the department's supplemental budget, with the total new annual office lease cost estimated to be \$911,641.94 for FY22-23 and \$849,166.14 for FY23-24.

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Third Amendment to Lease Amendment between CPSA - NEOTOMAS, LLC as Landlord and the County of Sonoma as Tenant

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

- 1 – 1450 Neotomas Avenue Lease
- 2 – 1450 Neotomas Avenue First Amendment to Lease
- 3 – 1450 Neotomas Avenue Second Amendment to Lease