



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 / Information Systems

Staff Name and Phone Number: Johannes J. Hoevertsz-GS, (707) 565-2550 / Dan Fruchey-ISD, (707) 565-2703

Vote Requirement: Majority

Supervisory District(s): All

Title:

Lease Amendment for Information Systems Department at 1375 N. Dutton Avenue, Santa Rosa

Recommended Action:

- A) Authorize the Clerk of the Board to publish a notice, declaring the Board's intention to enter into a lease amendment with Cross Creek Group, Inc. (Landlord), for County's leased premises located at 1375 N. Dutton Avenue in Santa Rosa, and comprised of 13,600 sq. ft. of warehouse and office space. The proposed lease amendment: (i) specifies the terms and conditions for the installation of electric vehicle charging stations, including a financial contribution from Landlord for those costs; (ii) acknowledges County's exercise of options to extend the Lease through January 2029; and (iii) acknowledges Landlord's consent to County's installation of a new emergency power generator at County's sole cost and expense.
- B) Authorize the Information Systems Director to receive a financial contribution from Cross Creek Group, Inc. in the amount of \$53,000 for the electric vehicle charging station expense. The contribution will be used to offset project costs upon completion of project pursuant to the terms of the proposed lease amendment.

Executive Summary:

The General Services Department (GSD) and Information Systems Department (ISD), are requesting authorization to publish a notice, declaring the Board's intention to enter into a lease amendment with Cross Creek Group, Inc. (Landlord), for County's leased premises located at 1375 N. Dutton Avenue in Santa Rosa, and comprised of 13,600 sq. ft. of warehouse and office space.

The County ISD Records Center and Mail Room facility are currently housed in leased facilities at 1375 N. Dutton Avenue in Santa Rosa, comprised of 13,600 sq. ft. of warehouse and office space. The current lease is between the County and Cross Creek Group, Inc. and will expire on January 31, 2025. The proposed lease amendment would acknowledge County's exercise of options to extend the term of the lease through January 31, 2029.

ISD seeks to install two necessary electric vehicle supply equipment (EVSE) charging stations and supporting infrastructure to support County's transition to electric-powered vehicles that will be utilized by ISD for daily pick-up and delivery of County mail and archived file records at various locations throughout the County. ISD is replacing County's gasoline fuel-powered vehicles with electric vehicles, which aligns with County's goal of maximizing sustainability and emissions reductions in all County fleet vehicles.

County staff have negotiated terms for the installation, operation, maintenance/repair and replacement of the EVSE charging stations, and the Landlord has agreed to provide \$53,000 in funding to assist with the total cost of \$189,540 for the EVSE installation. The lease amendment also acknowledges Landlord's approval of installation of an emergency power generator and related improvements, in the amount of \$35,000, to be performed at County's sole cost and expense.

Discussion:

Background: Since 1985, the Information Systems Department (ISD) Records Management Program has provided storage and retrieval of County documents and files to and from an off-site leased warehouse facility at 1375 N. Dutton Avenue in Santa Rosa (Premises), as well as processing County's daily outgoing mail from this location. The lease is between the County and Cross Creek Group Inc. (Landlord). The current lease expires on January 31, 2025; the Landlord recently completed a 'refresh' of the Premises, including repainting and recarpeting.

County's inactive records are stored and managed in line with public records retention mandates. Although County is transitioning from paper files to electronic files and ISD is actively engaged in assisting customer departments with developing electronic records management strategies, the storage of hard copy documents will remain an element of the County records management program for the foreseeable future. To that end, the County's Records Management Program and its Mail Room/courier functions will continue, from this centrally located, 13,600 sq. ft. leased facility.

Proposed Lease Amendment. Staff has prepared a lease amendment with the following terms:

- **Project cost.** The total cost for the EVSE Installation is approx. \$189,540. The Landlord will contribute \$53,000 towards the EVSE Installation; the \$53,000 will be split up into 2 installments, based on Project milestones: The first installment of \$26,500 will be paid by Landlord upon approval of the permits for the Project, by the applicable permitting authorities; the second installation of \$26,500 will be paid by Landlord upon Notice of Completion of the Project by the applicable permitting authorities.
- **Project completion.** Upon execution of the proposed Amendment, County will have one year to complete the Project. In the event that the County does not complete the Project, County will reimburse the Landlord for the first installment of \$26,500, and Landlord will not have any further obligation to provide the second installment of \$26,500.

- **Lease term.** The current lease term expires January 31, 2025. County will exercise its two, 2-year options to extend the lease through January 31, 2029.
- **Termination.** If the EVSE installation is completed but County terminates its lease prior to January 2029, County will reimburse the Landlord for the unamortized balance of \$53,000 remaining through the early termination date. The fixed amortization period is 75 months (October 2022 – January 2029); the fixed amount is \$706, per month, at 0% interest.
- **Rent.** No change to current Lease terms. The Premises is configured with approx. 11,600 sq. ft. utilized for the County Records storage and Mail Room operations; and with approx. 2,000 sq. ft. of office space. Monthly rent is currently \$12,941 per month (\$0.95 per sq. ft.). The rent is adjusted every 2 years, and rent will increase February 1, 2024 by a fixed 6%, to \$13,717.47 - an average of 3% per year. The rental rate is below current market rent for available warehouse facilities, within a 10-mile radius of the Premises, and market rent ranges between \$0.99 to \$2.00 per sq. ft. The rent during the extension periods will be as follows: beginning February 1, 2025, monthly rent will increase to \$14,540.52; beginning February 1, 2027, monthly rent will increase to \$15,412.95.
- **EVSE installation, maintenance, repair and upgrades.** The scope of work includes: site preparation, improvements to the parking area to accommodate the ADA-accessible electric vehicles; and additional lighting and cameras for security. County will be responsible for the installation, maintenance, repair and upgrades for the EVSE. Upon lease expiration or early termination, the EVSE would remain a fixture of the Premises and the property of Landlord.
- **Generator.** In addition to the above terms for the EVSE Project, the proposed amendment acknowledges Landlord's consent to County's installation of an emergency power generator, which installation, operation and maintenance will be paid for at County's sole cost and expense. The approximate cost of the generator is \$35,000. If ISD terminates the lease or the lease expires, ISD has the right to remove the generator.

Funding: The budget for the EVSE Installation has been identified as approximately \$189,514. Approximately \$29,514 was expected to be incurred in fiscal year 21/22. The remaining expense for the EVSE Installation, or approximately \$160,000 will be financed with a combination of one-time discretionary funds approved by the Board for this project during FY 2022-23 Budget hearings and the financial contribution from the Landlord. The Landlord contribution of \$53,000 will be held in ISD Records ACO fund until the completion of the installation of the EV charging stations. Once the EVSE installation has been completed, the Landlord's contribution of funds will be incorporated into the Records Operating budget to backfill expenses incurred to complete construction.

Funding for the generator of roughly \$35,000 will be financed with an insurance claim currently under consideration with Risk which is expected to be resolved during the current fiscal year.

Public Notice Requirement. Government Code Section 25350 requires the Board to publish a notice of its intent to enter in to a lease valued in excess of \$50,000 for three (3) consecutive weeks prior to consummation of the proposed lease amendment. After the required posting period, this matter will return to the Board on or after August 9, 2022, for consummation of the authorization as to the proposed lease amendment.

Strategic Plan:

This item directly support the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Climate Action and Resiliency

Goal: Goal 4: Maximize sustainability and emissions reductions in all County Fleet vehicles. Invest in County buildings and technology to enhance service delivery and improve employee mobility

Objective: Objective 3: Where feasible, phase out County (owned or leased) gasoline powered light-duty cars, vans and pickups to achieve a 30% zero-emission vehicle light-duty fleet by 2026. Upgrade the existing County owned Electric Vehicle charging station infrastructure by 2023.

ISD is replacing its current fleet of gasoline-fuel-powered vehicles with E-Transit electric-powered cargo vehicles, utilized for the Mail Center and Records Storage program day-to-day operations, which will reduce greenhouse gases and air pollutants in the environment. In support of this goal, County will install necessary EVSE infrastructure to power these new electric-powered vehicles.

Prior Board Actions:

12/10/19 – Authorized General Services Director to execute Fifth Amendment

02/12/12 – Authorized General Services Director to exercise option to extend term

11/27/07 – Authorize General Services Director to exercise option to extend term

10/03/06 – Authorized General Services Director to exercise option to extend term

05/07/02 – Authorized Chairman to execute Third Amendment

09/18/01 – Authorized General Services Director to execute option to extend term

10/21/97 – Authorized Chairman to execute Second Amendment

06/18/96 – Authorized Chairman to execute First Amendment

10/22/91 – Authorized Chairman to execute subject Lease

FISCAL SUMMARY

Expenditures	FY 22-23 Adopted	FY23-24 Projected	FY 24-25 Projected
Budgeted Expenses	\$195,000		
Additional Appropriation Requested			

Total Expenditures	\$195,000		
Funding Sources			
General Fund/WA GF	\$142,000		
State/Federal			
Fees/Other	\$53,000		
Use of Fund Balance			
Contingencies			
Total Sources	\$195,000		

Narrative Explanation of Fiscal Impacts:

The total cost for the EVSE Installation is \$189,514. Approximately \$29,514 was expended in Fiscal Year 21/22 out of the Records Budget towards the project cost. The remaining balance of \$160,000 will be financed with a combination of one-time General Fund approved by the Board during FY 2022-23 Budget Hearings, in the amount of \$107,000, and a financial contribution from the landlord, in the amount of \$53,000. The landlord contribution of \$53,000 will be held in Records ACO fund until the completion of the installation of the EV charging stations. Once the project has been completed, the contribution of funds will be incorporated into the Records Operating budget to backfill expenses incurred to complete construction.

Additional funding for the generator of roughly \$35,000 will be financed with the insurance claim currently under consideration with Risk which is expected to be resolved during the current fiscal year.

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

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

- 1 – Notice of Intent
- 2 – Site Plan
- 3 – Copy of Proposed Lease Amendment

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

None.