



SUMMARY REPORT

Agenda Date: 10/4/2022

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: 4/5th

Supervisory District(s): All

Title:

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

Recommended Action:

- A) Second action by the Board of Supervisors authorizing the Director of General Services to execute a Fourth 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 1,758 rentable square feet of office space ("Suite 115") to the County's existing Lease in the building. This will increase the total rentable area from 31,877 square feet to 33,635 square feet, and increase the total monthly rent by \$3,603.90 to \$71,291.35 (\$2.12/SF/Month) Full Service, to reflect the increase in rentable square footage, with the amendment effective on or about December 1, 2022.
 - B) Second action by the Board of Supervisors to adopt a Resolution authorizing budgetary adjustments to the fiscal year 2022-2023 adopted budget to reflect additional revenues and expenditures to support the lease amendment at 1450 Neotomas Avenue in the amount of \$88,876 within the Department of Health Services. (4/5th Vote Required)
- (4/5th Vote Required)

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 1,758 rentable square feet, from 31,877 square feet to 33,635 square feet, through the addition of first floor Suite 115, with the amendment effective on or about December 1, 2022. The proposed lease amendment adds Suite 115 to provide additional office and conference room space for the County's Interdepartmental Multi-Disciplinary Team ("IMDT"). This team works 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 specialists, and eligibility workers, to work collaboratively to coordinate care and 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 a more efficient, open layout, for improved intra-department visibility and communications, and a more centralized location for improved access to all Department of Health Services operations throughout Sonoma County. The lease also offered 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.

On July 12, 2022, your Board approved the execution of a Third Amendment to Lease at 1450 Neotomas Avenue that added 2,632 square feet on the first floor of the Building ("Suite 120 Space"), to provide long term, dedicated office space to support the County's Interdepartmental Multi-Disciplinary Team ("IMDT").

In May 2022, the County initiated discussions with the Landlord regarding adding Suite 115 to its leased premises at 1450 Neotomas Avenue. Negotiations between the County and Landlord continued into July 2022, when lease expansion terms and a draft lease amendment were agreed upon. The amendment adds to the 1450 Neotomas Avenue Lease Suite 115, a 1,758 rentable square foot office suite on the building's first floor. It also requires the landlord to provide tenant improvements at landlord expense to Suite 115 prior to occupancy, including installing an internal doorway connecting Suite 115 to Suite 120, with Suite 120 to be already occupied by the County's Interdepartmental Multi-Disciplinary Team's ("IMDT"). The combination of Suite 115 and Suite 120 will increase the functionality and flexibility of space occupied by IMDT by combining the private office and conference room in Suite 115 with the open bullpen layout of Suite 120. The addition of Suite 115 to this location will also provide improved, 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 Fourth Amendment to Lease between CPSA - NEOTOMAS, LLC, as Landlord, and the County of Sonoma, as Tenant, contains the following key provisions:

1. Addition of 1,758 rentable square feet in Suite 115 to the County's existing Lease of 31,877 rentable square feet at 1450 Neotomas Avenue, increasing total Lease area to 33,635 rentable square feet.
2. Increase in Lease monthly rent by \$3,603.90 to \$71,291.35 (\$2.12/SF/Month) Full Service to reflect the increase in square footage resulting from the addition of Suite 115 to the Lease.
3. Prior to commencement of Amendment, Landlord to make the following tenant improvements in Suite 115 at landlord expense: (i) add in a standard sized doorway from Suite 115 leading directly into Suite 120; (ii) professionally clean carpet; (iii) make any necessary repairs and adjustments to existing

Building systems serving Suite 115; and (iv) patch and touch up paint where necessary; and (vi) provide County with report from an airflow assessment of units serving Suite 115.

4. County retains all its rights under its existing Lease.

Project Costs and Construction Schedule. The total relocation cost to the Department of Health Services is estimated to be \$63,000, consisting of \$36,000 for new furniture, \$12,000 for cabling and ISD support, and \$15,000 for proximity card installations. Landlord is to complete all tenant improvements, at the landlord's sole expense, with estimated completion in November 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 August 30, 2022 action authorizing the publication of the notice of intent to enter into the proposed lease amendment.

Strategic Plan:

N/A

Prior Board Actions:

08/30/22 - Declare intent to enter into Fourth Amendment to Lease

07/12/22 - Authorize General Services Director to execute Third Amendment to Lease

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		\$45,212.37	\$46,568.74
Additional Appropriation Requested	\$88,227.30		
Total Expenditures	\$88,227.30	\$45,212.37	\$46,568.74
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$88,227.30	\$45,212.37	\$46,568.74
Use of Fund Balance			
Contingencies			
Total Sources	\$88,227.30	\$45,212.37	\$46,568.74

Narrative Explanation of Fiscal Impacts:

DHS is requesting to add appropriations for the project and construction costs of \$63,000 plus seven months

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of rent for suite 115 of \$25,227.30. Future 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. Total new annual office lease cost estimated to be \$999,869.24 for FY22-23 and \$894,378.51 for FY23-24.

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

- 1 - Fourth Amendment to Lease Amendment between CPSA - NEOTOMAS, LLC as Landlord and the County of Sonoma as Tenant
- 2 - Budget Resolution

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
- 4 - 1450 Neotomas Avenue Third Amendment to Lease