



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 11/12/2019

To: Sonoma County Board of Supervisors

Department or Agency Name(s): General Services / Information Systems

Staff Name and Phone Number: Caroline Judy, General Services, 565-8058; John Hartwig, Information Systems, 565-6055

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

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

Recommended Action:

Authorize the Clerk of the Board to publish a notice, declaring the Board's intent to enter into a lease amendment with Cross Creek Group, Inc. (Landlord), for 13,600 sq. ft. of warehouse and office space located at 1375 N. Dutton Avenue, in Santa Rosa. The proposed amendment: a) extends the lease term for five years through January 1, 2025, and provides for two, 2-year options to further extend the lease through January, 2029; b) specifies the monthly rent payments for the extended lease; and c) provides for tenant improvements to be paid for by the Landlord at Landlord's sole cost and expense. The leased premises are utilized for the County's Records Management Program and Mail Room processing operations.

Executive Summary:

This matter involves the proposed extension of the lease between the County Information Systems Department and Cross Creek Group, Inc. for use of 13,600 sq. ft. of warehouse and office space located at 1375 N. Dutton Avenue in Santa Rosa. The leased Premises house the County's Records Management Program and the Mail Room functions. The lease expires on January 31, 2020.

Staff has negotiated an extension of the lease with Cross Creek Group, Inc. (Landlord), to extend the term through January 31, 2025, and to keep the rent flat at its current rate of \$12,208.50 per month (\$0.90 per sq. ft.), for the first two years of the extension through January 31, 2022. The amendment also provides for repainting and re-carpeting of the office portion of the Premises (approximate cost of \$19,600), and other maintenance items defined in the proposed amendment, at Landlord's 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 warehouse facility at 1375 N. Dutton Avenue in Santa Rosa (the Premises), as well as processing County's daily outgoing mail from this location. County's inactive records are stored and managed in line with public records retention mandates. Though 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 to be processed and delivered from this centrally located, 13,600 sq. ft. leased facility. The current lease expires on January 31, 2020.

Proposed Lease Amendment. Staff has negotiated an extension of the lease for the ISD Records Center/Mail Room office/warehouse space, as follows:

Term:

Extended through January 31, 2025. In addition, the lease amendment provides for two, 2-year options to further extend the lease through January 31, 2029.

Rent:

Rent will be held flat at its monthly rent of \$12,028.50 per month (\$0.90 per sq. ft.) for the first two years of the extension through January 31, 2022. Rent will be increased by 6%, to \$12,941 in February 2022, and to \$13,717 in February 2024. The rental rate is below current market rents for available warehouse facilities which, within a 2-mile radius of the 1375 N. Dutton location, range between \$0.95 to \$1.19 per sq. ft.

Tenant Improvements:

Throughout the lease term, Landlord has performed tenant improvements, including installation of energy-efficient lighting, commercial quality electric operators with fixed and remote controls for all roll-up doors; ceiling-mounted, high-volume fans to increase air circulation; upgrades to the fire sprinkler system; and modifications to the Premises for the installation of new bar code equipment for the Mail Room, all at Landlord's sole cost and expense.

Pursuant to the proposed Amendment, Landlord will perform the following work of improvement, at landlord's sole cost and expense:

- a) Repaint the lobby, offices and restrooms,
- b) Replace all carpeting;
- c) Replace vinyl floor coverings in the restrooms, with new vinyl floor covering;
- d) Remove the wall panels in the two, single-restrooms, and re-paint these areas with paint appropriate for restroom finishes;
- e) Repaint the white cabinets in the breakroom;
- f) Repair the wooden single door leading into the mailroom; and repair the double-doors leading into the warehouse; and
- g) Repair or replace, if necessary, window blinds in the Premises.

Termination:

County may terminate the lease if funding for the leased premises or program for which the premises are leased is significantly reduced or withdraw, with 120 days' prior written notice to the Landlord.

Funding:

Funding for the rent costs is provided by General Fund net cost contribution.

County Comprehensive Facilities Plan. The 2012 County Comprehensive Facility Plan ("Plan") recommends centralized mail processing facilities and consistent, shared pick-up points for buildings and smaller campuses. ISD has evaluated the continued need for warehouse/storage space, and use of the Premises, which is situated

at a centralized location and quickly accessible to the County Administration Center, and for routes throughout the County service delivery areas. The Premises also provide adequate storage space (approximately 13,600 sq. f.t.) for the foreseeable future, for the storage of County records, which are managed in accordance with County's records retention schedules, as well as space for mail processing equipment needed for County's outgoing mail.

Procedural Authority. Government Code Section 25350 requires two (2) Board actions, which includes publication of a notice of intent, for the County to lease real property as tenant, and the lease agreement is valued at more than \$50,000. If your Board takes the requested actions, this matter will return to the Board on or after December 10, 2019, for consideration and consummation of the proposed lease amendments in line with the Government Code.

Prior Board Actions:

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 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected
Budgeted Expenses	146,502	146,502	
Additional Appropriation Requested			
Total Expenditures	146,502	146,502	
Funding Sources			
General Fund/WA GF	146,502	146,502	
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	146,502	146,502	

Narrative Explanation of Fiscal Impacts:

Funding for the lease rent costs is paid for by Information Systems Department Records (2505151), which receives General Fund support.

The total rent for FY19-20 is \$146,502: \$12,208.50 X 7 months (July 2019 - January 2020) + \$12,208.50 X 5 months (February 2020 - June 2020).

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The total rent for FY20-21 is \$146,502: \$12,208.50 X 7 months (July 2020 - January 2021) + \$12,208.50 X 5 months (February 2021 - June 2021).

The total rent for FY21-22 is \$150,164.55: \$12,208.50 x 7 months (July 2021 - January 2022) + \$12,941.01 X 5 months (February 2022 - June 2022).

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:

Attachment 1 - Copy of Proposed Amendment

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

None.