



SUMMARY REPORT

Agenda Date: 1/5/2021

To: Sonoma County Board of Supervisors

Department or Agency Name(s): General Services, Department of Child Support Services

Staff Name and Phone Number: Caroline Judy, General Services: 707-565-8058; Jennifer Traumann, Child Support Services: 707-565-4023

Vote Requirement: Majority

Supervisory District(s): All

Title:

Lease Amendment for Department of Child Support Services at 3725 Westwind Blvd, Suite 200, Santa Rosa

Recommended Action:

Authorize the General Services Director to execute a Lease Amendment with 3725 Westwind SR LLC, as Landlord, for 23,722 square foot of office space at 3725 Westwind Blvd, Suite 200, Santa Rosa, occupied by the Department of Child Support Services, that will extend the existing lease term three (3) additional years, commencing June 1, 2021 and expiring May 30, 2024, at an initial monthly rent of Forty-two Thousand Six Hundred Ninety-nine and 60/100 Dollars (\$42,699.60), (\$1.80/sf/month), representing a 31% cost reduction from the previous agreement, for annual cost savings of \$227,731, while keeping the existing premises unchanged and "as is", and retaining the County right to terminate the lease at any time for any reason or no reason with 180 days' notice.

Executive Summary:

Purpose. The Director of General Services, in consultation with the Department of Child Support Services, requests Board consideration of an Amendment to a Lease at 3725 Westwind Blvd, Suite 200, consisting of 23,722 rentable square feet and occupied by the Department of Child Support Services. The proposed Lease Amendment will reduce existing monthly rent 31%, from \$61,677.20 (\$2.60/sf/month) to \$42,699.60 (\$1.80/sf/month), achieving \$227,731.20 in annual avoided rent costs, while keeping the Premises unchanged to maintain operational efficiency. Board approval of the Lease will enable the Department of Child Support Services to significantly reduce its rent and maintain its ability to effectively run its operations and serve the public.

Discussion:

With this Amendment, the Department of Child Support Services seeks to extend the term of its existing lease at 3725 Westwind Blvd, Suite 200, Santa Rosa by three additional years while reducing its rent obligation by 31%, or \$227,731 per year, while keeping its Premises unchanged.

In May 2019, the Department of Child Support Services, supported by the Department of General Services, initiated lease extension discussions with their Landlord. The Department did not want to relocate. Negotiations between the County and Landlord continued through October 2020 when lease extension terms and a draft Lease Amendment was agreed upon.

Approval of the proposed Lease Amendment will allow the Department of Child Support Services uninterrupted operations in their existing Premises for three (3) additional years while reducing their rent 31%, representing \$227,731.20 in annual avoided rent costs, while retaining the County's right to terminate the lease at any time for any reason or no reason with 180 days' notice.

The Department of Child Support Services is one of the departments identified for relocation to new County Administrative offices. Termination provisions are included in the lease as noted.

Lease Amendment. The proposed Lease Amendment between 3725 Westwind LLC, as Landlord, and the County of Sonoma, as Tenant, contains the following key provisions:

1. Three (3) year lease extension commencing June 1, 2021 and expiring May 31, 2025
2. Monthly rent is reduced 31%, from \$61,677.20 (\$2.60/sf/month) to \$42,699.60 (\$1.80/sf/month) Full Service, representing \$227,731.20 in annual avoided rent costs
3. 3% annual rent escalation during the initial term and the option terms
4. Premises remains unchanged with no landlord paid for tenant improvements
5. Two options to extend term 3 years each, replacing two existing options to extend term 5 years each.
6. Prior to commencement of first option term on June 1, 2024, Landlord shall repaint the Premises and install new carpet throughout the Premises, including conducting furniture lift, and Base Rent shall increase \$.17/sf/month
7. County retains all its existing rights under its current lease including free on-site parking and the right to terminate the lease with 180 days' notice for any reason or no reason.

County staff determined that the negotiated rent represents a fair market rental rate for the location and above average quality of the office building.

Project Costs and Construction Schedule. None. County to continue to occupy the Premises "as is".

Procedural Authority. Government Code Section 25350 requires publication of notice of the Board's intent to enter into a lease 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 December 8, 2020 action authorizing the publication of the notice of intent to enter into the proposed lease.

Prior Board Actions:

12/08/20 - Declare intent to execute Lease Amendment

12/14/10 - Authorize General Services Director to execute Lease.

11/09/10 - Declare intent to enter into Lease.

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected
Budgeted Expenses	\$42,699.60	\$513,581.30	\$528,051.72
Additional Appropriation Requested			

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Total Expenditures	\$42,699.60	\$513,581.30	\$528,051.72
Funding Sources			
General Fund/WA GF			
State/Federal	\$42,699.60	\$513,581.30	\$528,051.72
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$42,699.60	\$513,581.30	\$528,051.72

Narrative Explanation of Fiscal Impacts:

Since the Department of Child Support Services is a state funded program, the funding for the monthly lease expense is paid via a monthly invoice by the California State Department of Child Support Services.

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: Lease Amendment between 3725 Westwind SR LLC as Landlord and the County of Sonoma as Tenant

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

3725 Westwind Blvd, Suite 200 Lease