



## SUMMARY REPORT

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**Agenda Date:** 5/11/2021

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**To:** Sonoma County Board of Supervisors

**Department or Agency Name(s):** General Services, Health Services

**Staff Name and Phone Number:** Caroline Judy, General Services: 707-565-8058 / Barbie Robinson, Health Services: 707-565-4777

**Vote Requirement:** Majority

**Supervisory District(s):** Countywide

**Title:**

Lease Amendment for Department of Health Services at 3130 Regional Parkway, Santa Rosa

**Recommended Action:**

Authorize the Director of General Services to execute a Third Lease Amendment with Richard D. Schram and Katherine O. Schram 1989 Revocable Trust, dated April 28, 1989, as Landlord, for 8,773 square foot of warehouse space at 3130 Regional Parkway, Santa Rosa, currently occupied by the Department of Health Services, that will extend the existing Lease term one (1) year, commencing April 23, 2021 and expiring April 30, 2022, at a monthly rent of \$9,899.33, (\$1.128/sf/month).

**Executive Summary:**

**Purpose.** The County's COVID-19 response has required additional warehouse space for the Department of Health Services to store essential pandemic-related supplies. Accordingly, the County leased an almost-9,000 sq. ft. warehouse at 3130 Regional Parkway, Santa Rosa on April 23, 2020. Since then, the County has extended the lease via two amendments, and, given the ongoing need, staff seek Board approval of a Third Lease Amendment. Board approval of the Third Lease Amendment will enable the Department of Health Services to maintain its ability to effectively store and distribute supplies in support of the County's COVID-19 emergency response.

**Discussion:**

With this Amendment, the Department of Health Services seeks to extend the term of its existing Lease at 3130 Regional Parkway by one (1) year, from April 23, 2021 to April 30, 2022.

In April 23, 2020, the Department of Health Services, supported by the Department of General Services, entered into one-month Permit to Enter agreement with the Landlord to allow the Health Services immediate access to the 3130 Regional Parkway warehouse space for storage and distribution of emergency supplies to support the County's COVID-19 emergency response. On May 22, 2020, the Department of Health Services entered into a six-month Lease that replaced the Permit to Enter and ran from April 23, 2020- to October 22, 2020. On October 22, 2020, the Department of Health Services entered into a First Amendment to the Lease that extended the Lease term through January 22, 2021. On January 16, 2021, the Department of Health Services entered into a Second Amendment to the Lease that extended the Lease term through April 22, 2021. In February 2021, in response to the continued need for the warehouse space for storage and distribution of

COVID-19 emergency supplies and the lack of viable alternative facilities, negotiations commenced between the County and Landlord for an additional one-year lease extension that would run through April 30, 2022, with the option to extend the Lease term an additional year, through April 30, 2022, and the lease extension terms and a draft Third Lease Amendment was agreed to.

Approval of the proposed Third Lease Amendment will allow the Department of Health Services uninterrupted storage and distribution of COVID-19 emergency supplies at 3130 Regional Parkway through April 30, 2022, with the option to extend the Lease term through April 30, 2023.

Emergency supplies are received at the warehouse and distributed to health system partners, County departments, and community organizations as directed by the Department of Health Services Departmental Operations Center. Supplies include personal protective equipment such as N-95 masks, KN95 masks, surgical masks, surgical gowns, gloves, and other supplies. Over the past year on average 55% of the over 4 million individual items received at the warehouse have been distributed. Two General Service's department staff and two from the Fairgrounds support the warehouse operation, receiving and delivering goods, and reporting on inventory. Daily reports of goods received and delivered are provided to the DHS Department Operations Center. Items are restocked only if a specific need is confirmed by the Department of Health Services.

**Lease Amendment.** The proposed Third Lease Amendment contains the following key provisions:

1. One (1) year Lease extension, commencing April 23, 2021 and expiring April 30, 2022
2. Monthly rent of Nine Thousand Eight Hundred Ninety-nine and 33/100 dollars (\$9,899.33), (\$1.128/sf/month) Gross, representing a 3% rent increase from the preceding 12 month's rent at 3130 Regional Parkway.
3. Premises remains unchanged with no Landlord paid for tenant improvements
4. One option to extend Lease term one additional year, from May 1, 2022 to April 30, 2023, with a 3% rent increase at the commencement of the option term

County staff determined that the negotiated rent represents a fair market rental rate for the location and quality of the warehouse space.

**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. The notice of intent for this transaction has been published for the required period pursuant to the Board's action of April 6, 2021.

**Prior Board Actions:**

04/06/21 - Declare intent to enter into a Lease with Richard D. Schram and Katherine O. Schram 1989 Revocable Trust, dated April 28, 1989.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 20-21 Adopted</b>	<b>FY21-22 Projected</b>	<b>FY 22-23 Projected</b>
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Budgeted Expenses	\$22,273.49	\$98,993.30	
Additional Appropriation Requested			
<b>Total Expenditures</b>	\$22,273.49	\$98,993.30	
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal	\$22,273.49	\$98,993.30	
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>\$22,273.49</b>	<b>\$98,993.30</b>	

**Narrative Explanation of Fiscal Impacts:**

The RSS warehouse is currently being paid out of the COVID-19 disaster fund 10150. At this time costs are covered under our FEMA COVID-19 claim as the warehouse is the County's main point of distribution of PPE and other FEMA eligible supplies. At this time, FEMA is scheduled to end emergency response September 30, 2021. Any additional funding would need to be determined and will most likely be a combination of other Federal fund availability such as the American Rescue Plan act funds allocated to the County.

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

**Narrative Explanation of Staffing Impacts (If Required):**

None.

**Attachments:**

Attachment 1 - Third Lease Amendment between Richard D. Schram and Katherine O. Schram 1989 Revocable Trust, dated April 28, 1989 as Landlord and the County of Sonoma as Tenant

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

3130 Regional Parkway Lease and First and Second Amendment