



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 11/16/2021

To: Sonoma County Board of Supervisors

Department or Agency Name(s): General Services, Human Services

Staff Name and Phone Number: Caroline Judy, General Services: 707-565-8058; Angela Struckmann: 707-565-6990

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Second Lease Amendment for Human Services Department at 1202 Apollo Way, Santa Rosa

Recommended Action:

Authorize the Board Clerk to publish notice declaring the intent of the Board of Supervisors to execute a Second Lease Amendment with Airport Business Center, as Landlord, for 36,978 square feet of office space at 1202 Apollo Way, Santa Rosa, for the Human Services Department's Family, Youth & Children Division, extending the existing lease term ten (10) additional years, commencing August 1, 2022 and expiring July 31, 2032, with an initial monthly rent of \$84,309.84, (\$2.28/sf/month).

Executive Summary:

Purpose. The Director of General Services, in consultation with the Human Services Department, requests Board consideration of an Amendment to a Lease at 1202 Apollo Way, Santa Rosa, consisting of 36,978 rentable square feet and occupied by the Human Services Department Family, Youth & Children Division. The proposed Lease Amendment will allow the Department to reduce its monthly rent by \$2,003.47 (\$.05/sf/month), reduce its annual rent increases from 3%-4% depending on CPI to a fixed 3%, reduce its electrical expenses, continue to run its Family Youth & Children Division uninterrupted, as well as have the premises' painted and carpet refreshed, a new roof with solar panels, and two additional electric vehicle charging stations. The amendment further supports the Board's strategic pillars of Resilient Infrastructure and Climate Action and Resiliency, with the creation of the first County of Sonoma "green" lease.

Discussion:

The existing lease is set to expire July 31, 2022. The County initiated lease extension discussions with the landlord in August 2020. Negotiations between the County and Landlord continued through October 2021, when lease extension terms and a draft Lease Amendment were agreed upon. The ten year term allows the amortization of negotiated landlord investments in a new roof, solar panels, and other improvements.

The existing County lease has an 'option to extend' the term of the current lease that must be exercised by November 24, 2021.

Lease Amendment. The proposed Second Lease Amendment between Airport Business Center, as Landlord, and the County of Sonoma, as Tenant, contains the following key provisions:

1. Ten (10) year lease extension commencing August 1, 2022 and expiring July 31, 2032
2. Initial monthly rent of \$84,309.84, (\$2.28/sf/month), representing a \$2,003.47/month (\$.05/sf/month) reduction in its current rent
3. 3% fixed annual rent escalation, representing a reduction in its current rent escalation of 3%-4% based upon CPI
4. County reduces its monthly utility expenses by approximately \$740 (\$.02/sf/month) by paying \$5,916.48 per month (\$.16/sf/month) to the Landlord for the new roof and solar panel installation reimbursement, but no longer having to pay approximately \$6,656 per month (\$.18/sf/month) for electric
5. Prior to commencement of lease extension period, landlord is to install at landlord's expense a new roof with solar panels, two additional EV charging stations that Department staff may use, and new carpet and paint throughout the premises, including conducting a furniture lift
6. County retains right to terminate the lease in the event of non-appropriation of funds or if the Department of Health Services elects to occupy space in a new County Government Center.

Project Costs and Construction Schedule. None. All tenant improvements are to be completed by landlord at landlord's expense.

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. If your Board takes the requested action, this matter will return to the Board on or after December 14, 2021, for consideration and consummation of the proposed Second Lease Amendment.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective. The addition of rooftop solar and two additional electric vehicle charging stations establishes this lease as the first "green" lease in the almost 2 million square feet portfolio of privately owned County leased facilities. The facility currently has four electric vehicle charging stations.

Pillar: Resilient Infrastructure

Goal: Goal 3: Make all County facilities carbon free, zero waste and resilient

Objective: Objective 1: Align the Board of Supervisor's strategic priorities, policy, and operational goals with funding and resources.

Prior Board Actions:

08/23/11 - Authorize General Services Director to execute Lease.

07/26/10 - Declare intent to enter into Lease.

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses	\$1,030,166.02	\$1,013,721.55	\$1,039,540.33
Additional Appropriation Requested			

Total Expenditures	\$1,030,166.02	\$1,013,721.55	\$1,039,540.33
Funding Sources			
General Fund/WA GF			
State/Federal	\$1,030,166.02	\$1,013,721.55	\$1,039,540.33
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$1,030,166.02	\$1,013,721.55	\$1,039,540.33

Narrative Explanation of Fiscal Impacts:

The FY21-22 Lease expenditures are included within the DHS current budget and future year rent expenditures will be included during the budget adoption process. The decrease in FY22-23 Projected Expenditures versus FY21-22 Adopted Budget is due to a \$2,003.47 per month (\$.05/sf/month) decrease in rent, commencing August 1, 2022, that is agreed to in the Lease Amendment.

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 - Lease Amendment between Airport Business Center as Landlord and the County of Sonoma as Tenant
- 2 - Notice of Intent to Lease

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

1202 Apollo Way Lease and First Amendment