



Legislation Details (With Text)

File #: 2023-0372
Type: Consent Calendar Item **Status:** Passed
File created: 3/14/2023 **In control:** Public Infrastructure
On agenda: 5/9/2023 **Final action:** 5/9/2023
Title: Lease for Human Services Department at 3750 Westwind Boulevard, Suite 200B, Santa Rosa
Sponsors: Public Infrastructure, Human Services
Indexes:
Attachments: 1. Summary Report.pdf, 2. 1-Lease Agreement.pdf, 3. 2-Relocation and Leasing Cost Estimate.pdf

Date	Ver.	Action By	Action	Result
5/9/2023	1	Board of Supervisors	Approved as recommended	Pass

To: Sonoma County Board of Supervisors
Department or Agency Name(s): Public Infrastructure, Human Services
Staff Name and Phone Number: Johannes J. Hoevertsz, Public Infrastructure: 707-565-2550; Angela Struckmann, Human Services: 707-565-5800
Vote Requirement: Majority
Supervisorial District(s): Countywide

Title:
Lease for Human Services Department at 3750 Westwind Boulevard, Suite 200B, Santa Rosa

Recommended Action:

- A) Authorize the Director of Sonoma County Public Infrastructure to execute the proposed lease with Gatehouse MRES Santa Rosa LLC as Landlord, for 9,070 rentable square feet of office space at 3750 Westwind Boulevard, Suite 200B, Santa Rosa, for a term of five years commencing around September 1, 2023, at an initial monthly rent of Sixteen Thousand Three Hundred Twenty-Six Dollars (\$16,326), with annual rent escalations of three percent (3%).
- B) Delegate authority to the Director of Sonoma County Public Infrastructure to exercise the Lease extension option and to negotiate and execute any amendment related thereto, including with regard to option term rent as set forth in the Lease, in form approved by County Counsel and contingent on availability of sufficient funding for the extension.

Executive Summary:

The Sonoma County Public Infrastructure (SPI) Department and the Human Services Department request Board approval and authorization of the proposed lease of 3750 Westwind Boulevard, Suite 200B, for 9,070 rentable square feet, to be occupied by the Human Services Department's Fraud Investigations, Hearings, and IT sections. The proposed lease will increase operational efficiency for these Human Services Department sections by enabling them to occupy a premises that offers an efficient, open layout and existing, high-quality improvements well suited for their growing need for office space. On-site parking is free and abundant (4:1 parking ratio), and the building is located within walking distance of Human Services' Administration, Adult & Aging, and Economic Assistance Divisions. The Lease will enable the Human Services Department to increase their ability to effectively run their operations and serve the public.

Discussion:

In May 2022, the Human Services Department, supported by Sonoma County Public Infrastructure, initiated a search for new office space for Human Services' Fraud Investigations, Hearings, and IT sections due to growth in the department.

If the proposed lease is approved, the Human Services Department's Fraud Investigations section will be relocating from its current site at 2227 Capricorn Way; the Human Services Hearings team will be relocating from 2550 Paulin Drive; and a portion of the Human Services IT Team will be relocating from 3600 Westwind Boulevard, all in Santa Rosa. An estimated total of 37 County staff will be relocating from existing County owned and leased space into the Premises.

In November 2022, the Sonoma County Public Infrastructure Department, on behalf of the Human Services Department, initiated discussions with the listing agent for 3750 Westwind Boulevard, Suite 200B. Negotiations continued through February 2023, when lease terms were provisionally agreed to. The initial lease term would be five (5) years, commencing around September 1, 2023. The County will have one (1) five-year option to extend the lease term to 2033. The Premises would consist of 9,070 rentable square feet on the second floor of the building and will include a large conference space named "The Geysers". The monthly rent will be Sixteen Thousand Three Hundred Twenty-Six Dollars (\$16,326), (\$1.80 per square foot of Rentable Area per month) Full Service, with annual rent escalations of three percent (3%). All tenant improvements to the Premises are to be provided by the landlord at the landlord's sole expense. The lease may be terminated by the County upon the occurrence of certain contingencies, subject to payment of the termination fee at the formula stated in the Lease.

The proposed Lease will allow the Human Services Department's Fraud Investigations, Hearings, and IT sections to occupy a Premises that is near to other Human Services buildings and offers an efficient, open layout and existing, high-quality improvements well suited for their growing needs. The Lease will enable the Human Services Department to increase their ability to effectively run their operations and serve the public.

Lease Agreement. The proposed Lease Agreement between Gatehouse MRES Santa Rosa LLC, as Landlord, and the County of Sonoma, as Tenant, contains the following key provisions:

1. Five (5) year initial lease term, with a planned commencement of September 1, 2023.
2. One (1) option that will extend the term an additional five (5) years at a rental rate set at 95% of the prevailing market rate, enabling the County to maintain control of the Premises into 2033.
3. Premises totals 9,070 rentable square feet.
4. Initial rent is Sixteen Thousand Three Hundred Twenty-Six Dollars (\$16,326), (\$1.80 per square foot of Rentable Area per month) Full Service.
5. Annual rent escalations of three percent (3%).
6. On-site parking (4:1 parking ratio) provided free of charge.
7. Landlord will provide tenant improvements at Landlord's sole cost that will include new carpet and paint, construction of demising walls and doors, and an airflow assessment.
8. The lease can be terminated by the County with 180 days prior written notice for any of the following events: (a) the County Board of Supervisors fails to appropriate sufficient funds for the rental of the property covered by this Lease; (b) the County Board of Supervisors discontinues, in whole or in part, the program or agency for which the Premises were leased; (c) the funding, whether County, State or

Federal, for the program or agency for which the Premises were leased is reduced or withdrawn; or (d) Tenant has approved and funded a new County Administration Center, whether on County owned or leased land, the construction of which shall be substantially completed no later than three hundred sixty-five (365) days after the date of the termination notice. Termination fee shall equal unamortized tenant improvement and closing costs.

County staff determined that the negotiated rent, lease terms and Landlord’s Tenant Improvements contribution represent an acceptable fair market rental rate for the location and is consistent with rates and lease terms of other office tenants in the area.

Project Costs and Construction Schedule. The total relocation cost to the Human Services Department is estimated to be Three Hundred and Eleven Thousand Dollars (\$311,000), consisting of Two Hundred and Twenty-Two Thousand (\$222,000) for new furniture, Seventy-Four Thousand (\$74,000) for cabling and ISD support, and Fifteen Thousand (\$15,000) for Proximity Card installation. Landlord is to complete all tenant improvements, at the landlord’s sole expense, with estimated completion in August 2023.

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 April 4 action authorizing the publication of the notice of intent to enter into the proposed lease.

Strategic Plan:
N/A

Prior Board Actions:
4/18/23 - Declare intent to enter into Lease

FISCAL SUMMARY

Expenditures	FY 22-23 Adopted	FY 23-24 Projected	FY 24-25 Projected
Budgeted Expenses	\$0	\$474,260.00	\$200,809.80
Additional Appropriation Requested			
Total Expenditures	\$0	\$474,260.00	\$200,809.80
Funding Sources			
General Fund/WA GF			
State/Federal		\$474,260.00	\$200,809.80
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$0	\$474,260.00	\$200,809.80

Narrative Explanation of Fiscal Impacts:

New lease cost will be primarily funded via state and federal revenues through the Human Services Department budget. Total new annual office lease cost, inclusive of Year 1 relocations costs, are estimated to be \$474,260.00 for FY23-24, \$200,809.80 for FY24-25, \$206,834.09 for FY25-26, \$213,039.12 for FY 26-27,

\$219,430.29 for FY 27-28, and \$36,750.11 for FY28-29 (2 months only before Lease expiration date).

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

- 1 - Lease Agreement between Gatehouse MRES Santa Rosa LLC as Landlord and the County of Sonoma as Tenant
- 2 - Relocation and Leasing Cost Estimate

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

None