



Legislation Text

File #: 2020-1259, **Version:** 1

To: Sonoma County Board of Supervisors

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

Title:

Lease Amendment for Department of Health Services WIC at 1450 Guerneville Road, Santa Rosa

Recommended Action:

Authorize the General Services Director to execute a Lease Amendment with Coddling Enterprises LP, as Landlord, for 8,035 square foot of office space at 1450 Guerneville Road, Santa Rosa, occupied by Department of Health Services' Women, Infants and Children (WIC) Program, that will extend the lease term 2 additional years, commencing December 1, 2020 and expiring November 30, 2022, at an initial monthly rent of Thirteen Thousand Two Hundred Fifty-Seven and 75/100 Dollars (\$13,257.75), (\$1.65 per square foot of Rentable Area per month), with no annual rent increase, representing a 20% reduction in existing rent while keeping the existing premises unchanged and retaining the County right to terminate the lease at any time for any reason or no reason with 90 days' notice.

Executive Summary:

Purpose. The Director of General Services, in consultation with the Department of Health Services, requests Board consideration of an amendment to a Lease at 1450 Guerneville Road for 8,035 rentable square feet occupied by the Department of Health Services Women, Infants and Children (WIC) Program. The proposed Lease Amendment will reduce existing monthly rent by twenty percent (20%), from \$16,632.45 (\$2.07/sf/month) to \$13,257.75 (\$1.65/sf/month), achieving \$3,374.70 in monthly avoided rent costs, while keeping the premises "as is" to maintain operational efficiency for the WIC Program. Board approval of the Lease will enable the Department of Health Services to reduce its rent and maintain its ability to effectively run its WIC Program operations and serve the public.

Discussion:

With this Amendment, the Department of Health Services WIC Program seeks to extend the term of its existing lease at 1450 Guerneville Road, Santa Rosa by two additional years while reducing its rent obligation by twenty percent (20%) while keeping its Premises "as is".

In November 2019, the Department of Health Services WIC Program, supported by the Department of General Services, initiated a search for office space in Santa Rosa with the goal of identifying suitable space in the market that met the Program's reduced budget while still providing suitable configuration for the Program's specialized facility needs and high parking requirement.

Concurrently, discussions were initiated with the landlord for the Program's current Premises at 1450 Guerneville Road to discuss ways that the Program's rent obligation could be reduced. Your approval of the proposed Lease will allow the Department of Health Services WIC Program uninterrupted operations in their existing Premises for two (2) additional years while reducing their monthly rent twenty percent (20%), from \$16,632.45 (\$2.07/sf/month) to \$13,257.75 (\$1.65/sf/month), achieving \$3,374.70 per month in rent reduction.

The DHS WIC Program is considered a neighborhood based service and is not part of the group of department administrative functions that will be consolidating to new facilities.

Lease Amendment. The proposed Lease Amendment between Coddling Enterprises LP, as Landlord, and the County of Sonoma, as Tenant, contains the following key provisions:

1. Two (2) year lease extension commencing December 1, 2020 and expiring November 30, 2022
2. Monthly rent is reduced 20%, from \$16,632.45 (\$2.07/sf/month) to \$13,257.75 (\$1.65/sf/month)
3. Premises remains unchanged and "as is".
4. No annual rent escalation
5. County retains all its existing rights under its current lease including free on-site parking and the right to terminate the lease with 90 days' notice for any reason or no reason.

County staff determined that the negotiated rent represents a below market rental rate for the location and above average number of parking spaces, and is slightly lower than rates and lease terms of other office tenants in the area.

Project Costs and Construction Schedule. None. County will 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

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

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

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected
Budgeted Expenses	\$202,064	\$159,093	\$66,289
Additional Appropriation Requested			
Total Expenditures	\$202,064	\$159,093	\$66,289
Funding Sources			
General Fund/WA GF			

State/Federal	\$202,064	\$159,093	\$66,289
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$202,064	\$159,093	\$66,289

Narrative Explanation of Fiscal Impacts:

FY20-21 Lease expenditures are included within the DHS current budget, future year rent expenditures will be included during budget adoption process. WIC receives funding through the State WIC contract that covers approximately 94.3% with realignment funds covering the remaining 5.7%. FY22-23 Lease Contract is for 5 months, as additional information is available the budget will include appropriate level of lease expense.

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 Coddling Enterprises LP as Landlord and the County of Sonoma as Tenant

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

1450 Guerneville Road Lease