



Clerk of the Board of Supervisors
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Santa Barbara, CA 93101
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BOARD OF SUPERVISORS AGENDA LETTER

Department Name:

Social Services
General Services

Department Number:

044
063

Agenda Date:

June 23, 2026

Placement:

BOS Item

Estimated Time:

Continued Item:

Yes

If Yes, date from:

<Insert Date>

Vote Required:

Choose an item.

TO: Board of Supervisors

FROM: Department Director(s): Daniel Nielson, Social Services Director

Kirk Lagerquist, General Services Director

Signed by:
Daniel Nielson
Signed by:
Kirk Lagerquist

CONTACT: Ted Teyber, Assistant Director, General Services

SUBJECT: Second Amendment to Lease Agreement for the Department of Social Services office space at 1318 South Broadway, Santa Maria (File#3539), and Fourth Amendment to Lease Agreement for the Department of Social Services office space at 1410 and 1444 South Broadway, Santa Maria (File#3127); Fourth Supervisorial District

Concurrences:

County Counsel Concurrence:

As to form: Yes

Auditor-Controller Concurrence:

As to form: Yes

Other Concurrence:

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve, ratify, and authorize the Chair to execute the attached original and duplicate original Second Amendment to Lease Agreement (File No. 003539) between the County of Santa Barbara and Santa Maria Broadway Plaza II, LLC for the property located at 1318 South Broadway, Santa Maria, CA (Assessor's Parcel No. 128-066-005, portion), used by the Department of Social Services as the Benefit Service Center (BSC), extending the lease term for an additional five (5) years, from March 1, 2026 through February 28, 2031; setting monthly rent at \$67,500.00 (\$2.25 per square foot) with all Consumer Price Index (CPI)/cost-of-living adjustments (COLAs) frozen during the initial five-year term; and granting two (2) renewal options of five (5) years each at a fixed three percent (3%) annual escalator in lieu of the prior variable CPI adjustment (Fourth District); and
- b) Approve, ratify, authorize the Chair to execute the attached original and duplicate original Fourth Amendment to Lease Agreement (Real Property File No. 003127) between the County of Santa Barbara and Santa Maria Broadway Plaza II, LLC for the property located at 1410 and 1444 South Broadway, Santa Maria, CA (Assessor's Parcel No. 128-066-005, portion), used by the Department of Social Services as the America's Job Centers of California (AJCC)/Workforce Resource Center (WRC), extending the lease term for an additional five (5) years, from March 1, 2026 through February 28, 2031; setting monthly rent at \$96,903.00 (\$2.25 per square foot) with all CPI/COLAs frozen during the initial five-year term; and granting two (2) renewal options of five (5) years each at a fixed three percent (3%) annual escalator in lieu of the prior variable CPI adjustment (Fourth District); and
- c) Find that the proposed actions are for the continued leasing of existing public or private structures involving negligible or no expansion of use beyond that which presently exists, and are therefore exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301 (Existing Facilities).

Summary Text:

Approval of these two lease amendments will align both of the Department of Social Services' Santa Maria facilities on a single, uniform \$2.25 per square foot gross rate, freeze all CPI/COLAs for the entire initial five-year term, and replace variable CPI escalators with predictable, fixed three percent (3%) increases during future option periods. This item is before the Board to approve, in a single action, the Second Amendment to the BSC lease at 1318 South Broadway and the Fourth Amendment to the AJCC/WRC lease at 1410 and 1444 South Broadway, both with the same Lessor, Santa Maria Broadway Plaza II, LLC.

Together, the two amendments cover 73,068 square feet of office space and result in combined fixed monthly rent of \$164,403.00 (annualized: \$1,972,836). Based on stated assumptions and modeled against a baseline in which both leases would have continued to escalate at variable rates, the combined renegotiation is projected to save the County approximately \$1,278,238 over the initial five-year term, with additional savings realized during any subsequent option periods that hold the rate at a fixed 3% increase rather than a variable CPI-based escalator.

Discussion:

Second Amendment (BSC, 1318 South Broadway):

The proposed Second Amendment accomplishes four substantive changes to the BSC lease:

- Extends the term for five (5) years, commencing March 1, 2026 and terminating February 28, 2031, superseding the otherwise-applicable July 31, 2028 termination date set by the First Amendment.
- Sets base rent and freezes the CPI at \$2.25 per square foot per month (\$67,500.00 per month) for the entire initial five-year term. All CPI and COLAs are frozen for the initial five-year term — there will be no annual rent escalation through February 28, 2031. This rate represents an increase from the rent currently in effect under the 2022 First Amendment as escalated, in exchange for the five-year CPI freeze and the fixed-3% option escalator.
- Replaces the existing extension provision with two new five-year renewal options: Option #1, March 1, 2031 – February 29, 2036, and Option #2, March 1, 2036 – February 28, 2041.
- Converts the COLA from a variable rate to a fixed three percent (3%) annual increase, applied only during the option periods (effective on the first day of each option year).

All other terms of the original 2008 Lease and the 2022 First Amendment — including the shared generator maintenance provisions — remain in full force and effect.

Fourth Amendment (AJCC/WRC, 1410 and 1444 South Broadway):

The proposed Fourth Amendment accomplishes the same four substantive changes to the AJCC/WRC lease as the Second Amendment makes to the BSC lease, except that for this property the new rate represents a rent decrease from the current escalated rate:

- Extends the term for five (5) years, commencing March 1, 2026 and terminating February 28, 2031.
- Reduces base rent and freezes the CPI at \$2.25 per square foot per month (\$96,903.00 per month) for the entire initial five-year term. CPI and COLAs are frozen for the initial five-year term — there will be no annual rent escalation through February 28, 2031.
- Replaces the existing extension provision with two new five-year renewal options on the same schedule as the BSC lease: Option #1, March 1, 2031 – February 29, 2036, and Option #2, March 1, 2036 – February 28, 2041.
- Converts the COLA from a variable rate to a fixed three percent (3%) annual increase during the option periods.

All other terms of the original 1998 Lease and the 2000 First, 2001 Second, and 2018 Third Amendments remain in full force and effect, including the Non-Appropriation clause added by the 2001 Second Amendment, which permits the County to terminate the Lease on six months' notice if funding is reduced or cancelled.

The AJCC/WRC facility continues to operate under the Memorandum of Understanding (MOU) between the Santa Barbara County Workforce Development Board and the AJCC One-Stop System partners for Program Years 2025–2028, approved by this Board on September 9, 2025, which

memorializes how the partner agencies share customers, coordinate services, and split facility costs at the One-Stop site.

There will be no expansion or change in use at either property; the actions are exempt from CEQA pursuant to Guidelines Section 15301 (Existing Facilities).

Background:

BSC — 1318 South Broadway (File 003539). The Board approved the original Lease Agreement on March 25, 2008, for the Department of Social Services' use of 30,000 square feet of commercial office space as the BSC, for an initial five-year term with two five-year extension options. On July 12, 2022, the Board executed a First Amendment that extended the term for five (5) years (August 1, 2023 through July 31, 2028), added two additional five-year options, and amended the shared maintenance and repair responsibilities to include a new County-purchased standby generator maintained by General Services Facilities and Vehicle Operations.

AJCC/WRC— 1410 and 1444 South Broadway (File 003127). The Board approved the original Lease Agreement on September 8, 1998, for the County's use of a portion of the office building then known as 1328 and 1456 South Broadway, Santa Maria, for an initial ten-year term with two five-year extension options. The First Amendment (March 7, 2000) amended the address to 1410 and 1444 South Broadway, increased the leased space from 34,437 to 43,068 square feet, and adjusted rent accordingly. The Second Amendment (July 10, 2001) converted the lease from a triple-net to a gross-lease structure at \$1.22 per square foot, inclusive of rent and operating costs, effective January 1, 2001, and added a Non-Appropriation clause. The Third Amendment (September 11, 2018) extended the term through October 31, 2023 at \$79,830.00 per month (\$1.85 per square foot, gross). The Lease has remained in effect, with variable COLAs, through the present.

Fiscal and Facilities Impacts:

Combined fixed monthly rent under the two amendments will be \$164,403.00 (\$67,500.00 for the BSC + \$96,903.00 for the AJCC/WRC), for an annualized cost of \$1,972,836 across 73,068 square feet, fixed for the entire initial five-year term. Rent for both facilities will be paid by Social Services Fund 0055, Department 044, with appropriations included in the Fiscal Year 2025-26 and 2026-27 Adopted Budgets and proposed in subsequent fiscal years' requested budgets, subject to Board approval. There is no additional cost to the General Fund.

For the AJCC/WRC facility, consistent with the existing allocation formula, the Workforce Development Board partners (the State Employment Development Department, Allan Hancock College, and the County Department of Behavioral Wellness) reimburse Social Services for their pro-rata share of the lease and operating costs. Social Services' net costs at both facilities, after partner reimbursements where applicable, will be absorbed within previously adopted appropriations.

Fiscal Analysis:

Both properties are owned by the same Lessor, Santa Maria Broadway Plaza II, LLC. General Services Real Property staff negotiated both amendments concurrently to capture portfolio-level pricing leverage and to align the two leases on a single rate, single fixed-rent term, and single fixed escalator.

The table below quantifies the combined fiscal benefit of the two amendments over the initial five-year term (March 1, 2026 through February 28, 2031), comparing actual rent payable under the new amendments against a baseline in which both leases would have continued at their current rates, escalating at a variable 3.5% per year. Note that the BSC amendment is a rent *increase* from the current rate and produces a modest cost in the early years, while the AJCC/WRC amendment is a rent *decrease* and produces savings beginning in Year 1. Combined, the two amendments lock both facilities at a uniform rate that is below the projected escalating baseline by Year 3 and produces meaningful aggregate savings by the end of the initial term.

Per the modeled assumptions, the combined renegotiation is projected to save the County approximately \$1,278,238 over the initial five-year term relative to the variable-escalation baseline, with additional savings expected during any subsequent option periods.

Term Year	Baseline (Combined)	New Rent (Combined)	AJCC/WRC Savings	BSC Savings	Combined Savings
Year 1	\$2,077,853	\$1,972,836	\$110,247	\$-5,230	\$105,017
Year 2	\$2,150,578	\$1,972,836	\$154,805	\$22,937	\$117,742
Year 3	\$2,225,848	\$1,972,836	\$200,923	\$52,090	\$253,012
Year 4	\$2,303,753	\$1,972,836	\$248,654	\$82,263	\$330,917
Year 5	\$2,384,385	\$1,972,836	\$298,056	\$113,492	\$411,549
5-Year Total	\$11,146,418	\$9,864,180	\$1,012,685	\$265,552	\$1,278,238

Assumptions and Notes:

- *Baseline rents as of March 1, 2026.*
- *Variable escalator assumption: Baseline scenario assumes both leases would continue to escalate at 3.5% per year, within the historical CPI range for the Santa Maria / California region from 2018 through 2025 (which included high-inflation years 2021–2023).*

Staffing Impacts:

There are no staffing impacts associated with the Fourth Amendment to the Lease Agreement.

Special Instructions:

After Board action, please distribute as follows:

1. Original executed Second Amendment to Lease Agreement (File 003539, BSC) — Clerk of the Board files.
2. Original executed Fourth Amendment to Lease Agreement (File 003127, AJCC/WRC) — Clerk of the Board files.
3. Send electronic copies of the executed Second Amendment and Fourth Amendment, with

Minute Order, to the Department of Social Services (Susan Freeborn, Facilities and Disaster Services Manager, sfreebo@countyofsb.org), and to the Department of General Services (Andrea Hollingshead, Real Property Agent, akhollingshead@countyofsb.org).

Attachments:

Attachment A – Second Amendment to Lease Agreement, File 003539 (BSC, 1318 S. Broadway)

Attachment B – Fourth Amendment to Lease Agreement, File 003127 (AJCC/WRC, 1410 and 1444 S. Broadway)

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