



**BOARD OF SUPERVISORS  
AGENDA LETTER**

**Clerk of the Board of Supervisors**  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Agenda Number:**

**Submitted on:**  
**(COB Stamp)**

**Department Name:** General Services  
**Department No.:** 063  
**Agenda Date:** September 23, 2025  
**Placement:** Administrative Agenda  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:** N/A  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Director(s): Kirk Lagerquist, Director (805) 560-1011  
Contact: Ted Teyber, Assistant Director, General Services, 805.568.3083  
**SUBJECT:** Lease Agreement for Veterans Administration Outpatient Clinic at 4440 Calle Real, Santa Barbara; Second District (RP Folio Number 003527)

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DocuSigned by:

*Kirk Lagerquist*  
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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence: Risk Management**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute the attached original and duplicate original Lease Agreement between the United States of America, Department of Veterans Affairs (hereinafter "VA") and the County of Santa Barbara, (hereinafter "County") for the VA's use of approximately 6,700 square feet of the County-owned medical facility currently occupied by the VA located at 4440 Calle Real; for a period of five years, from October 1, 2025, through September 30, 2030, with the first annual monthly rental amount of \$27,690.45, based on \$4.13 per square foot that includes utilities with subsequent annual rental amounts being increased by three percent; and
- b) Determine that the proposed action consists of the operation and leasing of existing public or private structures or facilities involving negligible or no expansion of use and therefore is exempt from the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15301, Existing Facilities.

**Summary Text:**

The Lease Agreement will grant the VA use of approximately 6700 square feet of usable medical office space in the approximately 22,000 square foot County-owned Clinic located at 4440 Calle Real, in Santa Barbara. The term will be for five years, with the monthly rent for the first year being \$4.13, per square foot, equaling \$27,690.45 per month, \$332,285 from October 1, 2025, through September 30, 2026. The five-year term will include utilities and landscaping of the surrounding grounds with the VA contracting separately for janitorial services. The rent will be increased annually by 3%.

**Discussion:**

The proposed Lease Agreement between the United States of America, Department of Veterans Affairs (hereinafter "VA") and the County of Santa Barbara, ("County"), from October 1, 2025, through September 30, 2030, including the County responsible for utilities and landscaping of the surrounding grounds, will allow the VA to continue to operate in the approximately 6,700 square-foot premises through September 30, 2030. The proposed Lease Agreement will be pursuant to three percent (3%) annual rental increases.

Commencing on October 1, 2025, through September 30, 2026, the rent per square foot is \$4.13. Monthly rental payments will be \$27,690.42, for an annual amount of \$332,285.00. The second year from October 1, 2026, through September 30, 2027, rent per square foot will be \$4.26, such that monthly rental payments will be \$28,521.25, totaling an annual amount of \$342,255.00. The following third year beginning October 1, 2027, through September 30, 2028, the rent per square foot will be \$4.38, with the monthly rental payments being \$29,377.08, totaling an annual amount of \$352,525.00. Then from October 1, 2028, through September 30, 2029, rent per square foot will be \$4.52, and the monthly rental payments will be \$30,258.33, totaling an annual amount of \$363,100.00. The final year being the fifth year from October 1, 2029, through September 30, 2030, the rent per square foot will be \$4.65, the VA'S monthly rental payments will be \$31,166.25, totaling an annual amount of \$373,995.00. The VA will continue to accept the premises in its current "as is" condition. The proposed Lease Agreement, all terms and conditions of the proposed Lease Agreement, are the same as the previous lease agreements that included the previous amendments/Standstill Agreements and options to extend that occurred from 2012 to 2025.

**Background:**

In May of 1980, the Board executed a lease with the United States of America, Department of Veterans Affairs. That lease granted use of approximately 21,663 square feet of the building located at 4440 Calle Real to the VA. The VA has continuously occupied a portion of that space to operate a medical clinic at the facility since that time ("Calle Real Clinic"), providing necessary medical services to our local veterans.

In 2007, a new Community-based outpatient clinic was constructed in Santa Maria to serve the veterans in the City of Santa Maria and its surrounding cities including the County of Santa Barbara Veterans. Following the construction of the new Community-based outpatient clinic in Santa Maria, the VA and County entered into a new lease agreement that was executed in 2007. The 2007 Lease Agreement, providing services for the Veterans the City of Santa Barbara and it

surrounding cities including the County of Santa Barbara, whereby the VA reduced their leased space at the Calle Real Clinic from 21,663 square feet to approximately 6,700 square feet. The Calle Real Clinic has continued to provide limited services to the local veterans from that reduced space pursuant to the 2007 Lease Agreement, as amended by First, Second, and Third Amendments, which extended the term of the Lease Agreement through September 30, 2020.

For a period of one (1) year, from October 1, 2020, through September 30, 2021, a First Amendment preserved the leasehold interest in the premises for the VA while the VA Strategic Capital Investment Planning application was being approved and provided time to develop the requirements and conduct acquisition planning for a succeeding lease.

Similarly, a Second Amendment preserved the leasehold interest for the VA for a period of one (1) year from October 1, 2021, through September 30, 2022, and the Third Standstill Agreement, for the period of October 1, 2022, through September 20, 2023, as more time was needed to complete the succeeding lease. The VA experienced workload delays in preparing their Request for Lease Proposal. As with the First and Second Amendments, the Third Amendment was a temporary agreement that preserved the leasehold interest for the VA pending negotiation of a succeeding lease agreement. With the fourth Amendment allowing the VA to continue their leasehold interest and continuation of operating the approximately 6,700 square-foot premises through September 30, 2025.

The proposed new Lease Agreement continues to provide for the operation, repair, maintenance and leasing of the Calle Real Clinic, a public facility. Therefore, this project is exempt from environmental review in accordance with the California Environmental Quality Act (CEQA) Guidelines, Section 15301 – Class 1, which consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alterations of existing public or private structures, facilities, mechanical equipment, or topographical features involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

#### **Fiscal and Facilities Impacts:**

The monthly rent will be deposited and accounted for in Fund 0001; General Services Department Cost Center 63300 ; Revenue Account 3409; and Program 0631207. VA will remain responsible for janitorial services at the Clinic. There will be no direct facility impacts.

#### **Special Instructions:**

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| 1. Temporary Copy of Lease Agreement   | Clerk of the Board                         |
| 2. Original and Duplicate Original Copies of Lease Agreements and Minute Order | Real Property Division,<br>Attn: J. Cleary |

**NOTE:** Real Property will forward originals to the Federal Government for execution. Upon final execution, by the Federal Government, Real Property Division will maintain an original for their files and deliver the other original to the Clerk of the Board.

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**Attachments:**

Attachment A – Lease Agreement and Exhibits A through N (Original and duplicate originals)

**Contact Information:**

J. Cleary  
Project Manager  
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