



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

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

Department Name: General Services  
Department No.: 063  
For Agenda Of: October 2, 2012  
Placement: Administrative  
Estimated Tme:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors  
**FROM:** General Services Bob Nisbet, Director (805) 560-1011  
Contact Info: Ronn Carlentine, Real Estate Services (805) 568-3078  
Support Services Division  
**SUBJECT: First Amendment to Lease Agreement for Veterans Administration Clinic at 4440 Calle Real, Santa Barbara; ORES 003527; Second District**

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**County Counsel Concurrence**

As to form Yes

**Auditor-Controller Concurrence**

As to form Yes

**Other Concurrence:** Risk Manager

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 First Amendment to 2007 Lease Agreement between the County of Santa Barbara and the United States of America, Department of Veterans Affairs (hereinafter "VA"), for the VA's continued use of approximately 6,700 square feet of medical office space in the County-owned building located at 4440 Calle Real, on the County's Calle Real campus, for a period of five (5) years, through September 30, 2017, at a monthly rental rate of \$22,291.57 (Second District); and
- b) Determine that the proposed action is exempt from the California Environmental Quality Act (CEQA) guidelines, pursuant to Section 15301; approve and direct staff to file and post the attached Notice of Exemption on that basis.

**Summary Text:**

This Board action will permit the VA to continue leasing an approximately 6,700 square foot portion of the building they have occupied since 1980, for an extended period of five (5) years, through September 30, 2017, with a base rent of \$22,291.57 per month, to provide for the continued operation of the Clinic serving our local veterans.

**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 in Goleta to the VA. The VA has continuously occupied that space and operated a medical clinic at the facility since that time, providing necessary medical services to veterans. In 2007, a new community-based outpatient clinic was constructed in Santa Maria to serve the veterans of Santa Barbara County. Subsequently, a new 2007 Lease Agreement was executed whereby the VA reduced their leased space at the Calle Real Clinic to approximately 6,700 square feet. The Clinic continues to provide limited services to our local veterans from that reduced space.

The 2007 Lease Agreement set forth three (3) five-year options to extend the Lease that could be exercised by the local contracting officer for the VA, each subject to approval by County. This First Amendment to the Lease Agreement exercises the first of those options. The VA has informed the County that their contracting officer's authority to execute contracts on behalf of the VA is limited to ten years. Therefore, the VA requested that the two option periods that would otherwise have followed this first option period be deleted from the Lease Agreement. The VA has also requested that, in light of the decline in the real estate rental market, the County reconsider the automatic three percent (3%) annual rent increase for the final four years of this five-year extended term.

This Board action today will delete the two remaining options to extend the Lease. Prior to expiration of this extended term on September 30, 2017, if the VA desires to continue to occupy the Clinic, the County and the VA will negotiate and execute a new ten (10) year Lease Agreement. That process will involve an analysis of then-current fair market rental rates to determine a fair and reasonable rental rate for the VA's use of the Clinic. The County's Office of Real Estate Services has opined that applying the annual three percent (3%) increase beyond the initial three percent (3%) increase, that will take effect upon approval of this First Amendment, may exceed what would be fair and reasonable, and therefore supports the recommendation that the annual rental increase applied to each of the final four (4) years of this five-year extended term be reduced from three percent (3%) to one and one half percent (1.5%).

This First Amendment does not change or expand the current use of the Clinic. The Lease provides for the operation, repair, maintenance and leasing of the Clinic, a public structure. 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 to Fund 0001; Budget Unit 063; Account 3409; and Program 1207. VA will remain responsible for janitorial services at the Clinic. There will be no direct facilities impacts.

**Special Instructions:**

After Board action, please distribute as follows:

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|---|------------------------------------|
| 1. Original First Amendment to Lease Agreement                          | Clerk of the Board Files           |
| 2. Duplicate Original First Amendment to Lease Agreement & Minute Order | Office of Real Estate Services, RC |

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**Attachments:**

1. First Amendment to Lease Agreement
2. Notice of Exemption

**Authored by:**

DG - Office of Real Estate Services