

**SANTA BARBARA COUNTY
AGENDA BOARD LETTER**



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

Agenda Number:

Prepared on: February 28, 2005
Department: General Services
Department No.: 063
Agenda Date: March 15, 2005
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Ron Cortez, Director
General Services Department

STAFF
CONTACT: Don Grady, Agent (568-3065)
Real Estate Services Office

SUBJECT: 9th Amendment to the Lease for Veteran's Administration Clinic, Calle Real Campus
Folio No. 001050
Second Supervisorial District

Recommendation(s):

That the Board of Supervisors execute the Supplemental Lease Agreement No. 9 between the United States of America, Department of Veterans Affairs (hereinafter "VA") and the County of Santa Barbara for the V.A.'s continued use of the medical facility located at 4440 Calle Real, extending the lease term through March 31, 2007; for an annual rental amount of \$686,088.87 for the period from April 1, 2005 through March 31, 2006, and \$711,499.57 for the period from April 1, 2006 through March 31, 2007.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 2, A Safe and Healthy Community in Which to Live, Work, and Visit; and with Goal No. 5, A High Quality of Life for All Residents.

Executive Summary and Discussion:

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 medical facility 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.

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The VA has been trying for several years to find a suitable location for construction of a new clinic in northern Santa Barbara County. For various reasons, they have thus far been unsuccessful. In support of the valuable services provided to our Veterans, the County has been accommodating the VA by allowing them to continue to use the County-owned Calle Real site. General Services will meet with your Board in the near future to discuss the future plans for the Clinic space, as well as the loss of revenue that will occur when the VA eventually vacates the Clinic.

The VA recently contracted with Public Properties, LLC, to act as the VA's agent in all lease negotiations. Exhibit A, attached to the Supplemental Lease Agreement #9, describes the amount and form of payment of the commission to be paid by the County, to Public Properties, LLC. **The amount of the commission has been added to the annual rental rate paid by the VA to accommodate the County's payment of that commission.**

The annual rental rate for the current term which expires March 31, 2005, is \$647,723.70, payable monthly at \$53,976.98. This Ninth Amendment extends the term for two additional years on the same terms and conditions as the existing term, with an annual increase of \$24,912.45, based on \$1.15 per square foot per year increase, for approximately 21,663 square feet of medical office space; resulting in an annual rental rate of 686,088.87 for the period from April 1, 2005 through March 31, 2006, and \$711,499.57 for the period from April 1, 2006 through March 31, 2007, including the commission discussed above which is amortized over the two years.

Mandates and Service Levels:

No change in programs or service levels.

Fiscal and Facilities Impacts:

The monthly rent will be deposited to Fund 0001; Budget Unit 063; Account 3409; and Program 1207. The real estate commission described in Exhibit A of the Supplemental Lease Agreement #9, which has been added to the base rent and estimated to be \$27, 951.76, will be paid from program 1207 within thirty days of execution of the SLA #9 by the Veterans Administration. VA will continue to pay one-half of electrical usage at the clinic, and remain responsible for janitorial services. We are also proposing that Real Estate Services be reimbursed \$6,160.00, based on 80 hours at \$77.00 per hour, for its time spent negotiating this Amendment from the next rental payment. This money would be shifted from program 1207 to program 1250.

Special Instructions:

After Board action, please instruct Chair to initial each page of the Amendment, and distribute as follows:

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|----|---|---------------------------------------|
| 1. | Original, Duplicate Original and Minute Order | Real Estate Services, Attn: Don Grady |
| 2. | Temporary Copy of Document | Clerk of the Board Files |

NOTE: Real Estate Services will forward both originals to the Federal Government for execution. Upon final execution, one original will be returned for the County's files. Real Estate Services will make a copy for their files and deliver the original to the Clerk of the Board.