



**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: September 19, 2023
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Kirk Lagerquist, Director, General Services (805) 560-1011
Director(s)
Contact Info: Skip Grey, Assistant Director, General Services (805) 568-3083
**SUBJECT: Fourth Amendment to Lease Agreement for Veterans Administration
Outpatient Clinic at 4440 Calle Real, Santa Barbara, RP File #003527;
Second District**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions: It is recommended that the Board of Supervisors:

- a) Approve and authorize the Chair to execute the attached original and duplicate original Fourth Amendment (“Fourth Amendment”) to the 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, extending the lease term through September 30, 2025, and providing for a 3% annual increase in rent.
- 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, and approve and direct staff to file and post the attached Notice of Exemption on that basis.

Summary Text:

This item is on the agenda for approval of the Fourth Amendment for the VA to continue leasing the approximately 6,700 square-foot portion of the building they have occupied since 1980, located at 4440 Calle Real. The Third Amendment expired on September 30, 2020 but is effective through September 30, 2023 through a Standstill Agreement. The Fourth Amendment to the Lease Agreement will extend the term through September 30, 2025. There will be a 3% annual increase in rent. All other terms and conditions set forth in the Lease Agreement as previously amended shall remain the same.

Background:

In May of 1980, the Board executed a lease with the United States of America, Department of Veterans Affairs (VA). 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 of Santa Barbara County. Subsequently, a new Lease Agreement was executed in 2007 (“Lease Agreement”), whereby the VA reduced their leased space at the Calle Real Clinic to approximately 6,700 square feet. The Calle Real Clinic has continued to provide limited services to our local veterans from that reduced space pursuant to the 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 Standstill Agreement 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 Standstill Agreement preserved the leasehold interest for the VA for a period of one (1) year from October 1, 2021, through September 30, 2022, pending negotiation of a succeeding lease.

Lastly, the County and the VA entered into a 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 the Request for Lease Proposal. As with the First and Second Standstill Agreements, the Third Standstill Agreement was a temporary agreement that preserved the leasehold interest for the VA pending negotiation of a succeeding lease agreement.

This Fourth Amendment will allow the VA to continue to operate in the approximately 6,700 square-foot premises through September 30, 2025. Under this Fourth Amendment, there will be three (3%) percent annual rent increases. From October 1, 2023, through September 30, 2024, the rent per square foot is \$3.89. Monthly rental payments will be \$26,102.08, for an annual amount of \$313,225.00. From October 1, 2024, through September 30, 2025, the rent per square foot will be \$4.01. Monthly rental payments will be \$26,883.75, for an annual amount of \$322,605.00. The VA will continue to accept the premises in its current “as is” condition. Except for the terms set

forth in the Fourth Amendment, all terms and conditions of the Lease Agreement, as previously amended, remain unchanged and in full force and effect

The Fourth Amendment 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:

Budgeted: Yes

Key Contract Risks: The County has leased this space in the building to the VA since 1980, and has a strong working relationship with this tenant.

Special Instructions: After Board action, please distribute as follows:

1. Original executed Fourth Amendment to Lease Agreement - Clerk of the Board Files
2. Duplicate Original executed Fourth Amendment Lease Agreement & Minute Order - A. Hollingshead, Real Property Division

Attachments

1. Fourth Amendment to the Lease Agreement
2. CEQA Notice of Exemption

Authored by: AH, Real Property Division