



**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 1, 2024
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: General Services Kirk A. Lagerquist, Director (805) 560-1011
Contact Info: Skip Grey, Assistant Director of General Services (805) 568-3083

DocuSigned by:
Kirk Lagerquist
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SUBJECT: **Second Amendment to the Lease Agreement Between the County of Santa Barbara and the Santa Barbara County Association of Governments (RP Folio #3411) and Third Amendment to the Lease Agreement Between the County of Santa Barbara and the Santa Barbara County Air Pollution Control District (RP Folio #003410), Second District**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management / CEO

As to form: Yes

Recommended Actions: That the Board of Supervisors:

- a) Approve and authorize the Chair to execute the original and duplicate original Second Amendment to the Lease Agreement (“Second Amendment”) between the County of Santa Barbara and the Santa Barbara County Association of Governments (“SBCAG”) to increase the size of SBCAG’s leased premises in Casa Nueva from a total of 5,591 square feet to 6,009 square feet and modify certain management and building responsibilities; and
- b) Approve, ratify and authorize the Chair to execute the original and duplicate original Third Amendment to the Lease Agreement (“Third Amendment”) between the County of Santa Barbara and the Santa Barbara County Air Pollution Control District (“APCD”) to reduce the size of APCD’s leased premises in Casa Nueva from a total of 9,061 square feet to 7,271 square feet and modify certain management and building responsibilities; and
- c) Determine that the proposed actions are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities, finding that the actions consist of the operation, repair, maintenance, and leasing of existing public or private structures involving negligible or no expansion of existing or former use.

SBCAG and APCD Lease Amendments

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Summary Text:

The Board's actions to approve the Second Amendment (Attachment 2) and Third Amendment (Attachment 3) will modify the occupancy and usage of the building known as "Casa Nueva" on the Calle Real Campus. The Second Amendment will increase the size of SBCAG's leased premises from 5,591 square feet to 6,009 square feet and increase its monthly payment from \$8,070.61 per month to \$8,786.96 per month. The Third Amendment will reduce the size of APCD's leased premises from 9,061 square feet to 7,271 square feet and reduce its monthly payment from \$13,079.55 to \$10,632.38. These changes along with the significant reduction in space by the Department of Social Services will also allow the County's General Services Department to increase occupancy by 6,237 square feet becoming the largest tenant in the building and share in the building's management and maintenance responsibilities.

Background:

The building known as Casa Nueva on the County's Calle Real Campus was first constructed and available for occupancy in May 2003. The building has approximately 28,197 usable square feet of commercial office space and is currently occupied by SBCAG, APCD, the County Department of Social Services, and General Services. SBCAG and APCD each have long-term leases with fixed rent of \$1.2928 per square foot per month. In addition to rent, SBCAG and APCD pay a proportionate share of actual maintenance and operational costs of the property, which includes an amount that is allocated to a reserve fund for the replacement of capital items. Unlike rent, this replacement reserve payment is subject to an annual cost of living adjustment and is currently based on \$.1695 per square foot.

The County General Services Department ("GS") has relocated its Real Property and Capital Divisions from the East Wing, 2nd floor of the County Courthouse in downtown Santa Barbara to a portion of the 2nd floor of Casa Nueva. GS previously relocated the Administration and Finance Division, and Procurement Division, from the downtown Administration building to the 1st floor of Casa Nueva. GS proposes to now occupy 9,548 square feet of exclusive office space and 2,696 square feet of common area for a total of 12,244 usable square feet (43% of the building). Other changes include converting corridors on both floors from common areas to tenant exclusive space, and GS taking over primary management and building responsibilities, billing for utilities, with shared conference room scheduling by the primary users assigned to each of three conference rooms. The relocation of GS divisions from the Historic Courthouse will create vacant space, allowing the Public Defender to expand into the Courthouse. This move addresses the Public Defender's need for additional office space in downtown Santa Barbara.

SBCAG: SBCAG's lease is for a term of 30 years and expires on April 30, 2033. The organization currently occupies 4,398 square feet of exclusive office space, with 1,193 square feet of common area for a total of 5,591 usable square feet with monthly rent of \$8,070.61. Execution of the Second Amendment will result in an increase of exclusive and common area with SBCAG occupying 6,009 square feet (21% of the building) with monthly rent increased to \$8,786.96. Lease negotiations with SBCAG concluded in September, 2024 and therefore the new rental amounts will begin October 1, 2024.

APCD: APCD's lease is for a term of 30 years plus one 7-year option to extend through April 30, 2040. APCD currently occupies 7,152 square feet of exclusive office space with 1,909 square feet of common area for a total of 9,061 usable square feet with monthly rent of \$13,079.55. Execution of the Third Amendment will result in a reduction of APCD's exclusive and common area space so that APCD will occupy 7,271 square feet (26% of the building) with monthly rent reduced to \$10,632.38. Lease negotiations with APCD concluded in April, 2024 and the new monthly rent amounts began in May, 2024.

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CEQA: Execution of the Second Amendment and Third Amendment provides for the continued operation, repair, and maintenance of a portion of Casa Nueva, an existing public structure. The action will not involve an expansion of use and is unlikely to have a significant environmental impact. 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: N/A

Upon execution of both amendments, SBCAG’s annual rent and replacement reserve obligations will be increased from \$96,847.30 to \$105,443.53 and APCD’s annual rent and replacement reserve obligations will be reduced from \$156,954.64 to \$127,588.60 thereby reducing the County’s net annual rental revenue by \$20,769.82. The reduced rental revenue reflects the County General Services Department’s use of an additional 6,237 square feet of space in Casa Nueva providing the opportunity to co-locate all of the South County GS operations to the Calle Real campus. In addition, this move has allowed for the reallocation of the 2nd floor East Wing of the County Historic Courthouse to the Public Defender who needs additional office space.

Special Instructions:

Clerk of the Board, please distribute as follows:

1. Please note, upon execution by SBCAG an original signature page for attachment 2, (Second Amendment to the Lease with SBCAG), will be returned to the Clerk of the Board for execution by the Board of Supervisors.
2. Return one (1) original and one (1) duplicate original of each fully-executed amendment to General Services Real Property Division, Attn. Andi Hollingshead
3. Maintain one (1) duplicate original of each fully executed amendment for the Official File.
4. Forward a copy of the Minute Order to General Services Real Property Division, Attn. Andi Hollingshead

Attachments:

1. Original Lease Agreement and First Amendment with SBCAG, and Original Lease Agreement, First and Second Amendments with APCD
2. Second Amendment to the Lease with SBCAG
3. Third Amendment to the Lease with APCD