



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: Social Services
Department No.: 055
For Agenda Of: January 14, 2014
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: 4/5

TO: Board of Supervisors

FROM: Social Services: Daniel Nielson, Director (805) 681-4451
General Services: Matthew P. Pontes, Director (805) 560-1011

Contact Info: Molly Marino, Manager, Social Services (805) 681-4588
Greg Chanis, Assistant Director, General Services (805) 568-3096

SUBJECT: Social Services Lease at 302 Carmen Lane, in Santa Maria, Fourth District and Reconfiguration of Existing Site

County Counsel 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 Lease Agreement (Lease) between the County of Santa Barbara (County) and Vernon Group, a general partnership, for the County's leasing of the property and building located at 302 West Carmen Lane, in Santa Maria, for an initial term of five (5) years, with one option to extend the Lease for an additional five years, beginning at a monthly base rent of TWELVE THOUSAND DOLLARS (\$12,000.00), for use by the County's Department of Social Services (Fourth District); and
- b) Approve the attached Budget Revision Request (BJE No. 0003198) to increase revenue by \$838,400 and increase appropriations for Services and Supplies for one-time leased building modifications/improvements, furniture and supplies (\$731,850) and on-going lease, operating and data & communications costs (\$106,550). (4/5 vote required).
- c) Approve the attached Budget Revision Request (BJE No. 0003197) to increase revenue by \$828,500 and increase appropriations for Services and Supplies (\$793,500) and Fixed Asset (\$35,000) for the one-time cost to reconfigure work areas in existing sites to accommodate the expansion and adjacency needs of program staff being affected. (4/5 vote required).

Auditor-Controller Concurrence

As to form Yes

- d) Determine that the proposed actions above are exempt from the California Environmental Quality Act (CEQA), pursuant to 14 CCR 15301, and approve and direct staff to file and post the attached Notice of Exemption on that basis.

Summary Text:

The Board's action to approve the Lease Agreement will allow Social Services staff to use the approximately 12,000 square foot building located at 302 Carmen Lane, in Santa Maria, as office space for a period of five years. The expected commencement date is March 1, 2014, or upon the lessor's completion of the alterations to the building, with one five-year option to renew the term. The monthly lease cost for the first five year period will be \$12,000 based on \$1.00 per square foot, plus an estimated \$2,160 NNN, based on \$.18 per square foot for a total of \$14,160 per month, plus utilities. The lease cost for the optional five-year renewal period will be \$13,800 monthly plus an estimated \$2,160 NNN for a total of \$15,960 per month, plus utilities.

The Department is also requesting approval for increased one-time appropriations of \$731,850 for furniture, fixtures and equipment for the new space. Additionally, the Department is requesting an additional one-time increase in appropriations of \$828,500 for furniture, equipment and fixtures to reconfigure existing space in order to co-locate new staff with their respective existing program staff and to satisfy program changes. These increases in appropriations are 100% funded with Federal and State funds which will revert back to their respective agencies if not expended by the Department by June 30, 2014.

Background:

On September 10, 2013 the Board of Supervisors approved DSS's request for a staff expansion to manage the Affordable Care Act - Health Care Reform requirements and to address increased funding and service delivery expectations in the CalWORKs program. Fifty three new positions were approved for Health Care Reform (HCR) including the expanded Medi-Cal program along with ten new positions for CalWORKs. As stated in the Board Letter, the Department currently does not have adequate space to house these additional staff and therefore the Department initiated an urgent project to identify available rental space in Santa Maria.

The Department pursued new leased space in Santa Maria to accommodate the increased workforce. There is 100% Federal and State funding for both one-time and on-going costs related to this space expansion. DSS received approval from the Debt Advisory Committee on October 18, 2013 to move forward with this lease and is now seeking Board of Supervisor approval for leased space on Carmen Lane in Santa Maria.

The base rent for the 12,000 square foot office building, together with the surrounding grounds and parking lot is \$12,000 monthly, based on \$1.00 per square foot. The County will also pay operating expenses (NNN) for the building, estimated at \$.018 per square foot, and for all utilities serving the building. Prior to County's occupancy of the building, the landlord will be constructing certain tenant improvements and alterations according to a floor plan provided by Social Services. The term of the Lease commences upon the landlord's completion and Social Services' acceptance of the agreed upon tenant improvements, and the issuance of a Certificate of Occupancy for the building by the City of Santa Maria.

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The Lease continues for a period of five years, subject to the County's right to terminate the Lease on six month notice upon certain conditions, with one option to renew the Lease for an additional five years. The monthly base rent for that additional term will be \$13,800, based on \$1.15 per square foot, which equates to an increase of approximate 1.6% CPI annually.

Throughout the term, the landlord will repair and maintain the exterior and structural portions of the building, the surrounding grounds, and the parking lot. The County will maintain the interior of the building, and pay all utilities serving the building.

The building has historically been used by various public agencies and programs, most recently as a Parole Office. Social Services' use of the building will involve negligible expansion of use, and is not likely 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:

Facilities Impact:

Approval of proposed lease agreement and associated BRR's will provide sufficient space for the Board approved additional staff needed for the implementation of the Affordable Care Act (ACA).

The landlord will provide maintenance and repair for the exterior and structural portions of the building, the surrounding grounds, and the parking lot. The County, through the Department of Social Services will maintain the interior of the building, and pay all utilities serving the building. Social Services will pay an estimated monthly rent in the amount of \$14,160, including NNN plus operating, data and communication costs.

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY 13-14 Cost:</u>	<u>FY 14-15 Cost:</u>	<u>FY 15-16 Cost:</u>
General Fund	-	-	-
State	\$ 833,450	\$ 127,860	\$ 127,860
Federal	\$ 833,450	\$ 127,860	\$ 127,860
Total	\$ 1,666,900	\$ 255,720	\$ 255,720

Narrative:

In FY 13-14, the total cost of \$1,666,900 includes one-time costs of \$731,850 for furniture, fixtures, equipment and data installation necessary to occupy the new building, \$106,550 on-going lease and operating costs for the new space and \$828,500 of one-time costs to reconfigure work areas in existing sites to accommodate the expansion and adjacency needs of program staff being affected. Five different sites will need internal alterations including the Benefit Services Center in Santa Maria, the Workforce Resource Center in Santa Maria, the Betteravia Building in Santa Maria and the Lompoc office.

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The entire FY 13-14 cost of this project (\$1,666,900) will be funded with Affordable Care Act funds that are entirely State (50%) and Federal (50%) funds. There will be no County General Funds needed for this project.

FY 14-15; ongoing annual expenses of \$255,720 which includes lease and NNN costs (\$169,920) and operating costs (\$85,800), will be funded with ongoing State (50%) and Federal (50%) funds. No additional General Fund dollars are required. Funding for FY 14-15 will be included in the Department's Recommended budget.

Special Instructions:

After Board action, please distribute as follows:

1. Original Lease
2. Duplicate Original Lease
3. Copy of Lease
and copy of Minute Order

Clerk of the Board Files
Office of Real Estate Services

Auditor-Controller
Financial Reporting Division,
Attn: Betsy Schaffer

Attachments:

Original and Duplicate Original Lease
Budget Revision Request
Notice of Exemption
Contract Summary