



Legislation Text

File #: 09-1405, **Version:** 7

Community Development Agency, Administration and Finance Division, recommending the Board consider the following;

- 1) Waive competitive bidding requirements for the construction of tenant improvements related to the lease of additional office space at 924 Emerald Bay Road, South Lake Tahoe, finding that competitive bidding would not produce a public benefit; and
- 2) Approve and authorize the Chair to sign Lease Agreement 124-L1611 with Emerald Bay Properties, LLC, in the amount of \$4,536 per month commencing on April 1, 2016, and ending at the end of the month in which a Notice of Completion is recorded for tenant improvements, estimated to occur in July 2016, at which point rent will increase to \$11,520 per month for twelve months, thereafter increasing by two percent annually, and ending after 120 months, for office space located on the second floor at 924 Emerald Bay Road, South Lake Tahoe, for staff in the Community Development Agency.

FUNDING: Road Fund (49%) and General Fund (51%). (Federal Funds)

DEPARTMENT RECOMMENDATION

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DISCUSSION / BACKGROUND

On the West Slope, CDA's Development Services, Environmental Management, and Long Range Planning Divisions, and portions of the Transportation Division, are located in one building, Building C, and staff work closely together, maximizing efficiency and simplifying the permitting process for the general public. In the Tahoe Basin, staff from four CDA divisions are located in two buildings which are three miles apart. In addition, the Development Services and Environmental Management Divisions share space in the El Dorado Center; this building is expensive to maintain and parking is insufficient for staff and the general public. Co-locating multiple CDA divisions in the building at 924 Emerald Bay Road would maximize the efficiency of CDA staff located in Tahoe, simplify the permitting process for the general public, and reduce office expenses.

The lease for the building currently occupied by the Long Range Planning and Transportation Divisions, at 924 Emerald Bay Road, South Lake Tahoe, expired on September 30, 2015. On

September 29, 2015, the Board approved month-to-month occupancy of the subject office space, through March 31, 2016, in accordance with Civil Code 1945, and continuing in the amount of \$4,536 per month.

In light of CDA's desire to co-locate staff in one building, the Facilities Division of the Chief Administrative Office negotiated a lease which includes relocation of CDA's Development Services and Environmental Management Divisions from the El Dorado Center to the second floor at 924 Emerald Bay Road. Initially, the lease rate will remain equivalent to the existing rate of \$1.50 per square foot, for a total of \$4,536 per month, until tenant improvements can be completed.

Beginning with the month following recordation of a Notice of Completion for the tenant improvements, the negotiated monthly rent is based on an initial cost of \$1.92 per square foot, with an escalating factor invoked every twelve months. In order to accommodate all of the affected CDA staff, the square footage leased will expand at that time from the current 3,024 to 6,000. Also included with the office space is the common parking area and a storage container on the premises. The lease includes two three-year options to extend the term, subject to Board approval. An appropriate monthly rental rate for the extended periods will be determined prior to the end of the lease, following requirements described in the lease.

Tenant improvements designed to meet the needs of all CDA Divisions sharing space in the building include a reception counter, Americans with Disabilities Act-compliant restrooms, centralized shared file storage, the addition of two offices for supervisory and management staff, and retrofitting to comply with current building codes. The cost of the tenant improvements is amortized over the life of the lease.

The Lessor proposes to manage the construction project for the tenant improvements, and will cover the cost of temporarily relocating Transportation and Long Range Planning Division staff, furnishings, equipment, and other County property to the first floor during the construction period, estimated to be approximately 90 days. When tenant improvements are complete, CDA staff in the Development Services and Environmental Management Divisions will move from the El Dorado Center to 924 Emerald Bay Road.

Public Bidding for Tenant Improvements

Public Contract Code Section 22032 requires public projects of more than \$45,000 to be let by informal competitive bidding procedure. Pursuant to Public Contract Code Section 22002, a public project includes any construction, reconstruction, erection, alteration, renovation, improvement, demolition, or repair work involving any facility which is publicly owned, leased, or operated.

An exception to the bidding requirement applies when the nature of the project is such that competitive proposals would be unavailing or would not produce an advantage, and the advertisement for competitive bid would thus be undesirable or impractical [Graydon v. Pasadena Redevelopment Agency (1980) 104 CAL.App.3rd 631]. The courts developed this exception to assure that the competitive bidding requirement is applied reasonably with reference to the public interest and its underlying purposes, including eliminating favoritism and corruption, preventing waste, and obtaining the best economic result for the public. Where competitive proposals would not result in any advantage to the public entity or where it is not practical to obtain required results, competitive bidding may be waived.

Competitive bidding for the proposed tenant improvement work in the subject building would not produce a public advantage, and having the Lessor's existing contractor perform the work would be in the County's and public's best interest for the following reasons:

1. The Lessor's contractor has been responsible for all building improvements since the building was purchased in 2001. Prior building improvements performed by the Lessor's contractor included space needs for the Department of Transportation, South Lake El Dorado Narcotics Enforcement Team, and Child Support Services.
2. The contractor is already on site performing services for the Lessor in unoccupied areas of the facility.
3. Two CDA divisions which will move into the building are currently located at the El Dorado Center. The El Dorado Center has been deemed "at the end of life" according to the Vanir report produced in October 2013. Using the competitive bidding process would extend the completion date for the tenant improvements, thereby delaying the relocation of staff from the El Dorado Center.
4. The Lessor's contractor has extensive knowledge of the previous renovations in the building. Bringing in a contractor lacking this specialized knowledge would increase the cost of the tenant improvements and extend the time needed to complete the work. Using the contractor who is most familiar with the site expedites the move of staff from the El Dorado Center.

ALTERNATIVES

The Board could direct the Facilities Division to identify alternate locations for CDA operations in Tahoe or to bid the work publicly. A public bid would delay the completion of the tenant improvements and increase the cost of the work. These costs would be passed on to the County as more expensive lease payments and would require staff involvement in managing the bid and construction processes.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel
Risk Management
Chief Administrative Office, Facilities Division

CAO RECOMMENDATION

Chief Administrative Office concurs with staff's recommendations.

FINANCIAL IMPACT

Funding is provided by the Road Fund (49%) and the General Fund (51%), using square footage occupied by different programs as the basis for allocation of costs. The proposed lease costs were included in the adopted budget for Fiscal Year 2015/2016, and will be included in future proposed budgets.

CLERK OF THE BOARD FOLLOW UP ACTIONS

The Clerk of the Board will obtain the Board Chair's signature on two (2) originals and forward one (1) fully executed original of Lease #124-L1611 to the CDA.

STRATEGIC PLAN COMPONENT

Economic Development, Effective Services, Financial Stability

CONTACT

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