



Legislation Text

File #: 24-0684, **Version:** 1

Health and Human Services Agency along with the Chief Administrative Office, Facilities Division, recommending the Board:

1) Approve and authorize the Purchasing Agent to sign Amendment I to Lease Agreement 576-L1311 (FENIX 997), similar in form to the draft Lease Agreement attached (Attachment A), with Steven and Laura Abel Nevada Family Trust (for office space at 768 Pleasant Valley Road, Diamond Springs, that is utilized by the Behavioral Health Division), for the amended term beginning on the Commencement Date of June 1, 2024, and continuing for an initial 10 years through May 31, 2034, with an optional two subsequent term extension options of five years each, not to exceed a maximum term through May 31, 2044, with an increase in the lease amount of \$3,769,389.37 to a new total of \$6,431,511.15 for the initial lease period (20 years and 5 months), with each subsequent five-year renewal option for an amount equal to the then Fair Market Value or a minimum four percent increase, whichever is greater, for the monthly rent, pursuant to approval of the final Lease Agreement which is approved County Counsel but pending Risk Management approval; and
2) Authorize the Purchasing Agent to execute amendments relating to Lease Agreement 576-L1311, contingent upon approval by County Counsel and Risk Management, which does not increase Net County Cost or extend the term beyond May 31, 2044.

FUNDING: 53% Federal/State Medi-Cal, 28% Mental Health Services Act, 17% Realignment, 2% Federal Substance Use Block Grant.

DISCUSSION / BACKGROUND:

On May 7, 2013, the Board approved the Lease Agreement 576-L1311 with Steven and Laura Abel Nevada Family Trust (Lessor) for 13,770 square feet of office space located at 768 Pleasant Valley Road, Diamond Springs, California (File ID: 13-0517). The lease of 768 Pleasant Valley Road office space houses Mental Health outpatient services for HHS Behavioral Health Division (BHD) on the West Slope and represents a centralized location for this region of the County.

The Amendment I increases compensation of the Lease Agreement to cover the monthly rent of \$26,163 starting June 1, 2024, through May 31, 2025, and updates Lessor's rent payment to be increased annually by four percent per square foot to incur on each anniversary of the Lease during the term. This Amendment also adds, updates, or removes contract provisions or standard contract articles that were recommended by CAO Facilities, County Counsel, or Risk Management with the primary changes summarized below:

- 1) Initial Term Extension: Extends the Lease Agreement by an initial 10 years from June 1, 2024, through May 31, 2034;
- 2) Add additional Options to Extend: Provides two subsequent five-year term extension options, with a yet to be determined additional obligation for said renewal options to be determined at a not to exceed the then FMV for the office space (with rent to not be lower than four-percent per square foot above the then current monthly rental rate). For these two optional five-year extensions, the assessed FMV must be approved by the County's Contract Administrator and will be provided to the Lessor in writing;

- 3) Amends Lessor Improvements and Alterations: Lessor, at its sole cost and expense, shall construct and provide Tenant Improvements, Repairs and Maintenance, and ADA upgrades to the office space with work to be performed at prevailing wage (where required) pursuant to Labor Code section 1720.2;
- 4) Adds new articles to include updated standard contract articles: Addition of the California Levine Act Statement; Conflict of Interest; Contract Administrator; Electronic Signatures;
- 5) Removes Right of First Offer from the Agreement; and
- 6) Adds in termination allowance if County experiences a reduction in funding.

HHSa is recommending the Board approve of this Amendment I to Lease Agreement 576-L1311 for the continued lease of the office space at 768 Pleasant Valley Road. The draft of Amendment I to Lease No. 576-L1311 is being presented to the Board, as the finalized agreement is currently under review and has been approved by County Counsel but is pending Risk Management final approval and was not finalized in time to bring before the Board in this agenda item. Should minor modifications to this draft agreement be necessary (e.g., additions or updates to the contract articles, or other changes suggested by Counsel or Risk Management, etc.) those revisions must be reviewed and approved by County Counsel and Risk Management but will not require Board approval unless they increase Net County Cost or extend the term beyond May 31, 2044.

ALTERNATIVES: Should the Board decline to approve this recommendation, the County will not have a Lease Agreement in place for the lease of space at 768 Pleasant Valley Road and would have to identify alternate office space for HHSa Behavioral Health operations on the West Slope.

PRIOR BOARD ACTION:

05/07/2013, 13-0517, HHSa/MHD 5-7-13 Mental Health Leased Space

OTHER DEPARTMENT / AGENCY INVOLVEMENT:

CAO Facilities, County Counsel, and Risk Management. The Auditor-Controller has been notified in accordance with Policy B-12.

CAO RECOMMENDATION:

Approve as recommended.

FINANCIAL IMPACT:

There is no General Fund Cost associated with this Agenda item. Sufficient appropriations were included in the Fiscal Year (FY) 2023-24 Budget and the FY 2024-25 Budget request and will be included in the subsequent FY budgets.

CLERK OF THE BOARD FOLLOW UP ACTIONS:

N/A

STRATEGIC PLAN COMPONENT:

N/A

CONTACT:

Olivia Byron-Cooper, MPH, Director, Health and Human Services Agency
Charles Harrell, Facilities Division Manager, Chief Administrative Office

