



Legislation Text

File #: 24-0024, **Version:** 1

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

- 1) Authorize a correction to the original Board approved maximum obligation included under File ID 14-0346, V.1 for Lease Agreement 298-L1411 (FENIX Number 573) for office space at 1900 Lake Tahoe Boulevard, South Lake Tahoe, utilized by the Behavioral Health Division, that only included the maximum obligation for the base rent, and erroneously did not include \$20,489 for security system improvements, thereby correcting the Board approved maximum obligation amount from \$1,347,388.47 to \$1,367,877.47, with no change to the initial lease term of September 5, 2014, through September 4, 2024, and which has no impact to the executed Lease Agreement that does not include a maximum obligation;
- 2) Make findings in accordance with Board of Supervisors Policy C-2, Lease Agreement 298-L1411, that County is eligible to exercise the first of two options to extend the term of the lease for an additional five-year period;
- 3) Approve and authorize the Purchasing Agent to sign Amendment III to Lease Agreement 298-L1411 with Anderio LLC, for the additional term of five years from September 5, 2024, through September 4, 2029, thereby increasing the lease amount by \$841,466.42 for a new maximum obligation of \$2,209,343.89; and
- 4) Authorize the Purchasing Agent to execute amendments relating to Lease Agreement 298-L1411, contingent upon approval by County Counsel and Risk Management, which do not increase the maximum dollar amount or term of the Agreement.

FUNDING: Federal/State: 50% Federal Medi-Cal, 31% State Mental Health Services Act, 17% Realignment, 2% Federal Substance Use Block Grant.

DISCUSSION / BACKGROUND:

On March 11, 2014, the Board of Supervisors approved Lease Agreement 298-L1411 with William P. Floyd Family Partnership, to lease 7,444 square feet of improved office space and surrounding parking areas located at 1900 Lake Tahoe Boulevard, South Lake Tahoe, for a term effective September 5, 2014, through September 4, 2024, with a maximum obligation of \$1,347,388.47 (File ID 14-0346, version 1). The Board authorized the monthly rent of \$10,421.60 and approved an annual 2.5% increase per rentable square foot on an annual basis, to incur on each anniversary thereof. Execution of this Lease Agreement allowed HHSA to consolidate various behavioral health services provided in the South Lake Tahoe area to one location. Prior to its relocation on September 5, 2014, the HHSA Behavioral Health Division's Alcohol and Drug Programs were located at multiple locations in South Lake Tahoe, which impeded cohesive treatment and coordinated services to clients in the South Lake Tahoe area.

On October 28, 2014, the Board approved the County's choice to decline its Right of First Refusal to purchase 1900 Lake Tahoe Boulevard, pursuant to Section 5 of Lease 298-L1411 which allowed William P. Floyd Family Limited Partnership to enter into negotiations with Anderio, LLC, for the purchase of said property (File ID 14-0346, version 2).

On April 28, 2015, the Board approved the Amendment I to Lease Agreement 298-L1411 which reassigned the Lease from William P. Floyd Family Partnership to Anderio LLC, effective February 18, 2015, pursuant to its purchase of the property from William P. Floyd Family Limited Partnership, which was fully executed on April 28, 2015, with no change to the Agreement's contract provisions (File ID 14-0346, version 3).

On August 19, 2015, the Amendment II to Lease Agreement 298-L1411 was fully executed, in which the payee was updated to Anderio, LLC, with the address for payments specified under the care of Coldwell Banker McKinney & Associates, Inc.

Lease Agreement 298-L1411 includes two five-year options to extend the lease for the property upon six months prior notice by County. HHSa is electing to pursue the first option to extend the lease for this facility for the first extension term of September 5, 2024, through September 4, 2029.

During the process of reviewing the terms/conditions for Amendment III being presented in this agenda item, it was discovered that the total not-to-exceed amount of \$1,347,388.47 identified in File ID 14-0346, V.1, was incorrectly presented to the Board for the initial lease approval request for the term of September 5, 2014, through September 4, 2024, as said total did not include reimbursement of \$20,489 for security system improvements beyond the allowance provided by the Lessor (in accordance with Exhibit B, Section 2 of the Lease Agreement.) Pursuant to a letter sent to the Lessor dated September 8, 2014, CAO Facilities approved a Sonitrol Security System installation at the 1900 Lake Tahoe Boulevard office, for the total of \$20,489, which was set to be amortized and paid over the 120-month initial term at the rate of \$170.75 per month. HHSa has been these making monthly reimbursement payments to the Lessor on top of the base monthly rent since September 2014, however, Board approval of the corrected and revised not-to-exceed amount included under File ID 14-0346, V.1 is required to ensure full reimbursement can be made to Anderio, LLC, through the initial term of the lease.

Amendment III increases the compensation of the Lease Agreement to cover the monthly rent of \$13,340.53, starting September 5, 2024, through September 4, 2025, and updates Lessor's rent payment to be increased annually by 2.5% to incur on each anniversary of the Lease during the remainder of 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: HHSa is exercising the first of two options to extend the lease term for an additional five years from September 5, 2024, through September 4, 2029;
- 2) Term: Adds Exhibit D to mark actual Commencement Date of September 5, 2014, as set forth in CAO Facilities' September 8, 2014, letter to Lessor;
- 3) Rent Increases: Amends rent payments to include monthly rent payments from Months 121 through 180 for the new lease term;
- 4) Options to Extend: Reassigns the real estate commission Lessor pays from Newmark Knight Frank of Roseville, California (formerly known as Cornish & Carey Commercial) to Turton Commercial Real Estate in the event the Lessee exercises its options to extend; and
- 5) Adds new articles to include updated standard contract articles: Addition of the California Levine Act Statement; Conflict of Interest; Contract Administrator; Electronic Signatures.

HHSa requires office space to provide Federal and State mandated behavioral health services.

HHSA and CAO Facilities recommend the Board approve of these recommendations and to extend the lease to ensure that HHSA Behavioral Health Division has sufficient office space to be able to continue to provide Alcohol and Drug treatment services through 2029.

ALTERNATIVES:

Should the Board decline to approve this recommendation, the County will not have an agreement for the lease of office space at 1900 Lake Tahoe Boulevard, South Lake Tahoe and would be required to identify alternate office space in South Lake Tahoe for HHSA Behavioral Health Division operations.

PRIOR BOARD ACTION:

- 1) 03/11/14, 14-0346, V. 1, HHSA Lease Agmt 298-L1411 1900 Lake Tahoe Blvd
- 2) 10/28/14, 14-0346, V. 2, HHSA Lease Agmt 298-L1411 1900 Lake Tahoe Blvd
- 3) 04/28/15, 14-0346, V. 3, HHSA Amendment 1 to Lease Agreement 298-L1411, 1900 Lake Tahoe Blvd., SLT

OTHER DEPARTMENT / AGENCY INVOLVEMENT:

Approved by County Counsel, Human Resources, 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 Net County Cost associated with this agenda item. Sufficient appropriations were included in the Fiscal Year 2023-24 Budget, in the Fiscal Year 2024-25 Budget request, and will be included in future budgets for the term of the Agreement.

CLERK OF THE BOARD FOLLOW UP ACTIONS

- 1) Clerk of the Board to obtain signature of Chair on one original Amendment III to Lease Agreement 298-1411 (Fenix 573); and
- 2) Clerk of the Board to return one fully executed Amendment III to Lease Agreement 298-1411 to CAO Procurement & Contracts at 330 Fair Lane.

STRATEGIC PLAN COMPONENT:

N/A

CONTACT

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