

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services Agency	(2) MEETING DATE 8/19/2014	(3) CONTACT/PHONE Machelle Vieux, Deputy Director General Services (805) 781-5200	
(4) SUBJECT Request to approve a 5-year extension of the Rental Agreement with the Senior Nutrition Program, and Amendment No. 5 to remove the dining room area and the provision to provide food service at the Health Campus, located at 2180 Johnson Avenue in San Luis Obispo. District 3.			
(5) RECOMMENDED ACTION It is recommended that the Board approve: <ol style="list-style-type: none"> <li>1. The extension of the Rental Agreement for an additional 5 years between the County of San Luis Obispo and the Senior Nutrition Program, a 501(c)(3) non-profit corporation; and</li> <li>2. Amendment No. 5 to remove the dining room area and the provision to provide food service for the Health Campus.</li> </ol>			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>2/24/2004, 9/20/2005,</u> <u>9/26/2006, 6/26/2007, 12/15/2009</u>	
(17) ADMINISTRATIVE OFFICE REVIEW  Emily Jackson			
(18) SUPERVISOR DISTRICT(S) District 3 -			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services Agency / Machelie Vieux, Deputy Director General Services, (805) 781-5200

DATE: 8/19/2014

SUBJECT: Request to approve a 5-year extension of the Rental Agreement with the Senior Nutrition Program, and Amendment No. 5 to remove the dining room area and the provision to provide food service at the Health Campus, located at 2180 Johnson Avenue in San Luis Obispo. District 3.

## **RECOMMENDATION**

It is recommended that the Board approve:

1. The extension of the Rental Agreement for an additional 5 years between the County of San Luis Obispo and the Senior Nutrition Program, a 501(c)(3) non-profit corporation; and
2. Amendment No. 5 to remove the dining room area and the provision to provide food service for the Health Campus.

## **DISCUSSION**

The Senior Nutrition Program is a 501(c)(3) non-profit corporation that serves free meals at community dining rooms and delivers meals to San Luis Obispo County senior citizens.

On February 24, 2004, the Board approved a Rental Agreement with Senior Nutrition Program for exclusive occupancy of the kitchen area and non-exclusive use and maintenance of the dining area. The Rental Agreement commenced on April 1, 2004. The Rental Agreement anticipated subsequent compliance with specified terms and conditions, including Senior Nutrition Program's desire to offer food service to County workers and other employees in the surrounding area and willingness to accept the premises in "as-is" condition.

Since the original Rental Agreement in 2004, there have been four amendments (see Attachment 2 for Rental Agreement and Amendments), summarized as follows:

- Amendment No. 1 to the Rental Agreement, approved September 20, 2005, served to delay a rent increase.
- Amendment No. 2 to the Rental Agreement, approved September 26, 2006, further delayed a rent increase.
- Amendment No. 3 to the Rental Agreement, approved June 26, 2007, continued the lease at the current rental rate through June 30, 2008 and added approximately 270 square feet of office space to the lease.
- Amendment No. 4 to the Rental Agreement, approved December 15, 2009, extended the lease through September 30, 2014, giving the County the option to extend the Rental Agreement for an additional 5-year term through September 30, 2019.

Approval by the Board of Amendment No. 5 is currently requested, which will delete the dining room area from Senior Nutrition Program's leased premises and eliminate the requirement for them to provide food service at the Health Campus, as further described below. Approval by the Board of a 5-year extension of the term as provided in Amendment No. 4 is also currently requested, which would extend the termination date of the Rental Agreement from September 30, 2014 to September 30, 2019.

Since 2009, Senior Nutrition Program has paid \$2,750 per month to the County for the exclusive use of 2,647 square feet of premises. This equates to approximately \$1.04 per square foot for the kitchen and office area, which is a below-market rental rate, acknowledging the County's recognition of the importance of this program in our community. In addition, Senior Nutrition Program has had the non-exclusive use of approximately 997 square feet of dining room area to provide food service to the health campus and surrounding areas. Although the non-exclusive use is recognized as part of the Rental Agreement, the dining area was shared with the Health Campus employees, and Senior Nutrition Program does not pay rent on this portion of the premises. Senior Nutrition Program's obligation to provide food service and shared use of the dining area was intended to be a benefit to the Health Campus employees.

Senior Nutrition Program installed vending machines in 2011, which have been well received by employees and visitors to the Health Campus. The vending company pays the County directly for the utility charges attributable to the vending machine operation. Amendment No. 5 addresses Senior Nutrition Program's request to be relieved of the obligation to provide food services to the County employees and general public at the Health Campus. In addition, the Amendment removes the 997 square feet from Senior Nutrition Program's premises in the Rental Agreement.

The Senior Nutrition Program has been a good and responsible tenant during the term of the Rental Agreement. In addition to the monthly rent, the Senior Nutrition Program pays a portion of utilities used during the course of their business. All other terms and conditions of the Rental Agreement shall continue in place throughout the remainder of the agreement term.

#### **OTHER AGENCY INVOLVEMENT/IMPACT**

County Counsel has reviewed and approved the form and legal content of the Amendment. The Health Agency has been consulted and concurs with the actions taken by Amendment No. 5.

#### **FINANCIAL CONSIDERATIONS**

There is no change in the rental amount paid by the Senior Nutrition Program as the program does not pay rent or utilities on the dining area portion of the Premises. The Senior Nutrition Program will continue to pay its proportionate share of utility usage for the areas exclusively used by the Program, which is billed by the County on a monthly basis. The rental amount will change effective October 1, 2014 based on a Consumer Price Index adjustment.

#### **RESULTS**

Approval of Amendment No. 5 to the Rental Agreement between the County of San Luis Obispo and Senior Nutrition Program and approval of the extension option will allow Senior Nutrition Program to continue to occupy the kitchen and office area until September 30, 2019 and release all obligations to provide food services to employees and the general public at the Health Campus.

This action supports the County's desired Community-wide results of a well-governed and livable community by allowing Senior Nutrition Program to focus on its mission of providing meals to senior citizens countywide.

#### **ATTACHMENTS**

1. Vicinity Map
2. Original Lease and Amendments
3. Fifth Amendment to the Rental Agreement with Senior Nutrition Program