

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

(1) DEPARTMENT General Services Agency	(2) MEETING DATE 4/22/2014	(3) CONTACT/PHONE Machelle Vieux 781-5200	
(4) SUBJECT Request to approve Amendment No. 1 to the lease with Potratz Properties LLC for an additional 3,161 square feet of improved office space for Social Services located at 3563 Empleo Street in San Luis Obispo. District 3.			
(5) RECOMMENDED ACTION It is recommended that the Board approve Amendment No. 1 to the lease with Potratz Properties, LLC for an additional 3,161 square feet of improved office space located at 3563 Empleo Street in San Luis Obispo for Social Services occupancy.			
(6) FUNDING SOURCE(S) Federal/State/County	(7) CURRENT YEAR FINANCIAL IMPACT \$28,830	(8) ANNUAL FINANCIAL IMPACT \$64,980	(9) BUDGETED? Yes
(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>10/16/2012</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Emily Jackson			
(18) SUPERVISOR DISTRICT(S) District 3			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Mabelle Vieux, Deputy Director General Services, 781-5200

DATE: 4/22/2014

SUBJECT: Request to Approve Amendment No. 1 to the lease with Potratz Properties LLC for an additional 3,161 square feet of improved office space for Social Services located at 3563 Empleo Street in San Luis Obispo. District 3.

RECOMMENDATION

It is recommended that the Board approve Amendment No. 1 to the lease with Potratz Properties, LLC for an additional 3,161 square feet of improved office space located at 3563 Empleo Street in San Luis Obispo for Social Services occupancy.

DISCUSSION

On October 16, 2012 the Board approved a long term lease with Potratz Properties, LLC located at 3563 Empleo Street in San Luis Obispo for the Department of Social Services (DSS). This lease allowed DSS to consolidate four lease locations into one facility, improving staff efficiencies and productivity by eliminating travel time between locations. The leased space consists of 15,121 square feet of office space for a monthly rent of \$18,900 (\$1.25 per square foot) and 1,790 square feet of warehouse space at \$1,414 monthly (\$0.79 per square foot). The lease also provided DSS the ability to expand into the adjacent suites by giving the County a first right of refusal on the suites as current leases expired.

Potratz Properties, LLC offered the County the option to take over an expiring lease for office space in suite B beginning February 1, 2015 on the same terms and conditions as those proposed by the current tenant, Goetz-Manderley. Because Goetz-Manderley would have a rent increase effective February 15, 2015, the County agreed to a monthly rent for office space of \$5,415 for an additional 3,161 square feet of office space, which equates to approximately \$1.71 per square foot. The storage space rent and square footage will remain as in the original lease terms.

DSS has been expanding as a result of the Affordable Care Act and has requested that the County lease suite B as soon as possible. The County reached an agreement with Goetz-Manderley to take possession of suite B on May 1, 2014. Goetz-Manderley had recently made improvements to the space in suite B by painting the walls and replacing the carpets at their sole cost and expense which totaled \$30,000. The County has agreed to pay Goetz-Manderley \$18,000 to partially reimburse them for the cost of these improvements.

Amendment No. 1 is to add suite B to the existing Empleo lease as of May 1, 2014. This amendment will provide additional office space to the existing DSS spaces and bring the total office square footage to 18,282 for a total office rental rate of \$24,315 per month which equates to \$1.33 per square foot with no increases in rent until December 1, 2015. The County will take over its pro-rata share of utilities and gain 12 parking spaces.

OTHER AGENCY INVOLVEMENT/IMPACT

DSS has reviewed and approved the terms of the amendment. County Counsel has approved the amendment as to form and legal effect.

FINANCIAL CONSIDERATIONS

The amendment will add 3,161 square feet of improved office space bringing the total office square footage to 18,282 for \$24,315 per month, which equates to \$1.33 per square foot. A one-time payment of \$18,000 will be made to Goetz-Manderley to reimburse them for a portion of the tenant improvement which was recently installed. This one-time payment is being invoiced directly to DSS separately from the lease amendment. The additional lease amount and the one-time payment amount is included in DSS current fiscal year adopted budget for Fund Center 180. This item will have no impact on the department's adopted level of General fund support. The table below summarizes the costs.

Office Space	Current	Suite B (new)	Total
Monthly rent	\$ 18,900	\$ 5,415	\$ 24,315
Area (sq. ft.)	15,121	3,161	18,282
Price per square foot	\$ 1.25	\$ 1.71	\$ 1.33
Storage Space	Current	Suite B (new)	Total
Monthly rent	\$ 1,414	No change	\$ 1,414
Area (sq. ft.)	1,790	No change	1,790
Price per square foot	\$ 0.79	No change	\$ 0.79
One-time Payment for tenant improvements			\$ 18,000

RESULTS

Approval of the amendment allows DSS to provide services to meet the growing community needs under the Affordable Healthcare Act and contributes to the community-wide goal of a "Healthy Community" by providing space to support access to Social Services.

ATTACHMENTS

1. Vicinity Map
2. Amendment No. 1