

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

(1) DEPARTMENT General Services Agency	(2) MEETING DATE 11/4/2014	(3) CONTACT/PHONE Machelle Vieux, 781-5200	
(4) SUBJECT Request to approve 1. a First Lease Amendment for the Department of Social Services' 406 Spring Street Lease in Paso Robles and 2. a new Build-to-Suit Lease and Work Letter with James and Debra Saunders (dba J&D Properties) to provide additional office space for the Department of Social Services at 810 4th Street in Paso Robles for a period of up to 35 years. District 1.			
(5) RECOMMENDED ACTION It is recommended that the Board approve 1. the First Lease Amendment for the Department of Social Services' 406 Spring Street Lease in Paso Robles and 2. a new Build-to-Suit Lease and Work Letter with James and Debra Saunders (dba J&D Properties) to provide additional office space for the Department of Social Services at 810 4 th Street in Paso Robles for a term of up to 35 years.			
(6) FUNDING SOURCE(S) Social Services Fund Center 180 (funded with a combination of Federal, State and County funds)	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$352,800 plus annual increases (County's share is 12%, which equates to \$42,336 in the first year)	(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>4/26/2011</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Emily Jackson			
(18) SUPERVISOR DISTRICT(S) District 1			

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services Agency / Machelie Vieux
781-5200

DATE: 11/4/2014

SUBJECT: Request to approve 1. a First Lease Amendment for the Department of Social Services' 406 Spring Street Lease in Paso Robles and 2. a new Build-to-Suit Lease and Work Letter with James and Debra Saunders (dba J&D Properties) to provide additional office space for the Department of Social Services at 810 4th Street in Paso Robles for a period of up to 35 years. District 1.

RECOMMENDATION

It is recommended that the Board approve 1. the First Lease Amendment for the Department of Social Services' 406 Spring Street Lease in Paso Robles and 2. a new Build-to-Suit Lease and Work Letter with James and Debra Saunders (dba J&D Properties) to provide additional office space for the Department of Social Services at 810 4th Street in Paso Robles for a term of up to 35 years.

DISCUSSION

On April 26, 2011, the Board approved a lease for the Department of Social Services ("DSS") for 12,166 square feet of office space at 406 Spring Street, Paso Robles with James, Debra and Terry Saunders. The lease included an option for a build-to-suit lease for an extension of the 406 Spring Street building. Approval of the attached build-to-suit lease with James and Debra Saunders (dba J&D Properties) will authorize the construction of an additional approximately 12,000 square feet of DSS office space to be located on an adjacent parking lot at 810 4th Street in Paso Robles. The proposed build-to-suit lease will provide DSS with much needed space for meetings, training sessions, and family visitation. The First Lease Amendment for 406 Spring Street is required to synchronize the renewal and termination dates of the two leases as well as to clarify utility responsibilities.

The recent implementation of the Affordable Care Act (ACA) and additional requirements as part of the Welfare to Work program has resulted in increased caseloads for DSS. To keep up with the increased caseloads and to be able to implement the ACA, DSS has increased its staffing levels by approximately 60 positions in the past year and a half. The available space to house staff at the 406 Spring Street location has reached full capacity, resulting in DSS temporarily relocating nine staff members to another site.

The current facility cannot meet the needs of DSS. The current DSS space in Paso Robles has a single conference room and one visitation room, which is located within the conference room. The configuration of the spaces creates scheduling conflicts and limits the use by staff and the public. Additional office space is needed in Paso Robles to both accommodate the current DSS staff and for the future growth of DSS.

Centralizing staff at one location in Paso Robles will create efficiencies for DSS to deliver services to the community. The proposed build-to-suit lease will provide a facility that meets County requirements, is easily accessible for clients with disabilities, is located near public transportation, and offers sufficient parking.

The new Lease for the expansion of space will provide DSS with approximately 12,000 square feet for staff and

conference rooms located at 810 4th Street in Paso Robles, adjacent to the current site. The new expanded space in Paso Robles will provide DSS with much needed visitation rooms to ensure compliance with the order of the Juvenile Court. The increased caseloads for DSS in the North County area are as follows:

- CalWORKs 640 cases, Medi-Cal 6,213 cases, and CalFresh 1,927 cases. These are the public assistance programs administered by the Employment Resource Specialists (ERS) in DSS. DSS is currently at capacity to house staff and has insufficient space for additional filing cabinets.
- In Home Supportive Services (IHSS) 448 active cases. These are cases in the Paso Robles area that are seen by IHSS Social Workers who would be able to use the open work stations at the Paso Robles office as needed.
- Adult Protective Services (APS) 25 referrals on average each month. These are referrals of abuse or neglect of the adult population. Social Workers will be able to use the open work stations at the Paso Robles office during the course of actively investigating these allegations.
- Child Welfare Services (CWS) 125 referrals of abuse or neglect on average each month in the areas that are responded to by Social Workers assigned to the Paso Robles office, who investigate allegations of abuse and neglect. Currently, these staff are not located within the DSS Paso Robles office due to a lack of space. There are 80 children currently under the department's jurisdiction that are placed in homes in the Paso Robles area. Social Workers from other offices will be able to use the open stations at the Paso Robles office during the course of conducting court ordered visitations and facilitating visits between parents and children to support a successful reunification of the family.

Approval of this recommended action will provide sufficient space for DSS to serve the North County area.

The initial term of the build-to-suit lease is for 20 years, with three additional options to extend for five years each, making the full term of the lease up to thirty-five years. Approval of the Work Letter confirms the County's consent to the plans and defines conditions related to the work schedule and timing of approvals by both parties. The Work Letter requires issuance of a building permit by early June 2015 and completion of construction within nine months, no later than March 2016.

OTHER AGENCY INVOLVEMENT/IMPACT

The new DSS Build-to-Suit Lease and First Amendment to the 406 Spring Street Lease were negotiated by General Services' Real Property Services Division and reviewed and approved by the Department of Social Services. Both agreements have been reviewed by County Counsel as to form and legal effect.

FINANCIAL CONSIDERATIONS

DSS intends to take occupancy immediately upon delivery of the premises, which is estimated to be in the third quarter of Fiscal Year 2015-16. Rent for the build-to-suit expansion space will begin at the rate of \$29,400 per month, which equates to approximately \$2.45 per square foot gross rent and increases by \$0.10 per square foot gross in years two through five. The actual rate of \$2.45 per square foot is very close to the rate of \$2.50 per square foot that was projected for the expansion space in April 2011 when the lease for 406 Spring Street was approved.

Beginning on the sixth year of occupancy, and every subsequent annual anniversary date thereafter, the preceding year's rent shall be adjusted upward by three percent (3%). Rent payments will commence upon completion of improvements as specified in Exhibit "B" of the Lease Agreement, Attachment 3 on or before March 2016. The cost for the lease will be included in the DSS Fund Center 180 budget recommendation for Fiscal Year 2015-16. Funding for this lease will come from a combination of Federal, State and County funds. The County's share of costs is approximately 12%, which equates to \$42,336 per year.

Upon occupancy of the expansion space at 810 4th Street, DSS intends to terminate its current lease of conference room space at 416 Spring Street in Paso Robles, which expires on April 30, 2016. The termination of this conference room lease will result in a cost savings of approximately \$22,632 per year. Additionally, DSS intends to reduce its leased space

at 1802 Chestnut Street in Paso Robles (Bauer Speck School) from eight offices down to one or two offices which will reduce the cost from approximately \$17,600 per year to \$2,200 - \$4,400 per year.

The initial term of the lease is 20 years with the opportunity to extend the lease on the same terms and conditions for an additional three five-year successive extensions. Not included in the rent payment is the cost of the cubicle dividers, furnishings, computer equipment, and data cabling for approximately 26 cubicles and offices, which is estimated to total approximately \$375,000 and will be budgeted by DSS to be paid in Fiscal Year 2015-16. The County's share for computer and furniture costs would be approximately 12%, which equates to approximately \$45,000.

The First Lease Amendment to the lease at 406 Spring Street will result in a minimal increase of utility costs to the County.

RESULTS

Approval of the First Lease Amendment will coincide the dates of the two leases, as well as clarify utility responsibilities. Approval of the proposed Build-to-Suit Lease and Work Letter will allow the Department of Social Services to serve the North County communities more effectively in a centralized location as well as to alleviate crowded conditions for staff. The public and staff will benefit from the larger Paso Robles location that includes additional worker space, supervisor space and conference rooms. This action supports the County's desired community-wide results of a well-governed and healthy community.

ATTACHMENTS

1. Location Map
2. First Lease Amendment, 406 Spring Street, Paso Robles
3. Build-to-Suit Lease, 810 4th Street, Paso Robles
4. Work Letter, 810 4th Street, Paso Robles