

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

(1) DEPARTMENT Central Services	(2) MEETING DATE 4/5/2016	(3) CONTACT/PHONE Will Clemens, Central Services Director Shauna Dragomir, County Real Property Manager (805) 781-5206	
(4) SUBJECT Request to approve a Lease with Harley Properties, LLC for the Health Agency, Behavioral Health Department, Mental Health Division for approximately 5,050 square feet of improved office space at 1350 East Grand Avenue in Arroyo Grande, for up to eight years. District 4.			
(5) RECOMMENDED ACTION It is recommended that the Board: 1. Approve the Lease agreement with Harley Properties, LLC for the Health Agency, Behavioral Health Department, Mental Health Division for approximately 5,050 square feet of improved office space at 1350 East Grand Avenue in Arroyo Grande, for up to eight years. 2. Authorize the Chairperson to sign the Lease agreement.			
(6) FUNDING SOURCE(S) Fund Center 166 - Behavioral Health Department, Mental Health Division	(7) CURRENT YEAR FINANCIAL IMPACT \$18,305 for 4/15/2016 – 6/30/2016 plus: \$20,000 est. for Fiber Optic Cable Installation	(8) ANNUAL FINANCIAL IMPACT \$87,864	(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 checked="" type="checkbox"/> N/A    Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim			
(18) SUPERVISOR DISTRICT(S) District 4			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Central Services / Will Clemens, Central Services Director  
Shauna Dragomir, County Real Property Manager  
(805) 781-5206

DATE: 4/5/2016

SUBJECT: Request to approve a Lease with Harley Properties, LLC for the Health Agency, Behavioral Health Department, Mental Health Division for approximately 5,050 square feet of improved office space at 1350 East Grand Avenue in Arroyo Grande, for up to eight years. District 4.

## **RECOMMENDATION**

It is recommended that the Board:

1. Approve the Lease agreement with Harley Properties, LLC for the Health Agency, Behavioral Health Department, Mental Health Division for approximately 5,050 square feet of improved office space at 1350 East Grand Avenue in Arroyo Grande, for up to eight years.
2. Authorize the Chairperson to sign the Lease agreement.

## **DISCUSSION**

The Behavioral Health Department of the County's Health Agency ("Behavioral Health") has a need to expand its operations in South County by adding additional staff to provide mental health services to the public as a result of the Affordable Care Act (ACA). Behavioral Health intends to enter into an agreement to lease approximately 5,050 square feet of improved office space located at 1350 East Grand Avenue in Arroyo Grande, for a period up to eight (8) years. Behavioral Health would be the sole occupant of this freestanding office building with ample exclusive on-site parking to serve staff and the public. The Real Property Services Division of Central Services negotiated a Lease agreement with Harley Properties, LLC ("Lessor") on behalf of the Health Agency, with an intended occupancy date of April 15, 2016. The Lease agreement provides Behavioral Health with an initial 5-year Lease Term plus three (3), 1-year options to extend the length of the Lease Term.

Behavioral Health has been providing services to South County for approximately thirty (30) years. Until now, both adults and youth were seen within the same clinic in South County. Approval of the Lease agreement will provide much needed office space to offer expanded mental health services and programs in South County under the Mental Health Adult Clinic, in addition to the existing outpatient clinic located at 354 South Halcyon in Arroyo Grande. The existing outpatient clinic on Halcyon Avenue in Arroyo Grande will now serve as the South County Youth Mental Health Clinic, serving only youth, adolescent, and transitional age youth (TAY) clients. The youth, adolescent and TAY client populations have also seen an increase due to the ACA and programs such as Katie A. The separate South County locations for adult and youth, adolescent, and TAY clients will allow for better provision of services to each specific type of clientele in an appropriate environment.

Clients to be served at the new 1350 East Grand Avenue location include adults aged 26 to 59 and seniors aged 60+. The new clinic location will continue to offer a full range of specialty mental health services to adults and be provided by a culturally diverse network of community mental health programs, psychiatrists, psychologists, and therapists. The range of services offered include assessment, individualized treatment planning, case management, integrated co-occurring treatment, medication supports, housing, and integrated vocational services. In addition, collateral services are offered to

involve family members, and/or others important in clients' lives, to help the client improve or maintain his or her mental status. All of these services come together to enable individuals to remain in the community, and live full, productive, self-directed lives.

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

The Health Agency has reviewed and approved the terms of the Lease. County Counsel has reviewed and approved the Lease for form and legal effect.

### **FINANCIAL CONSIDERATIONS**

This Lease will provide for a monthly Rental of \$7,322.00 per month (approximately \$1.45 per square foot) for an annual total of \$87,864, which is consistent with market rents in the area. Rental payments will commence on April 15, 2016. The monthly Rental amount of \$18,305 for the remainder of this fiscal year (period of April 15, 2016 through June 30, 2016) is only partially included in the Mental Health Division's current FY2015-16 adopted budget for Fund Center 166 – Behavioral Health Department. Only \$12,000 of this new lease amount was appropriated in the FY2015-16 adopted budget for the additional space in the South County. The difference, an additional General Fund of \$6,305, will be offset by additional Behavioral Health salary savings within the year. This Lease will not impact the Health Agency's adopted level of General Fund support for FY2015-16, and the funding for subsequent years has been included in the Health Agency's requested budget for FY2016-17.

The Rental is fixed for the initial 5-year Lease Term, and will be adjusted per the Consumer Price Index increase (CPI) for All Urban Consumers, Los Angeles – Riverside – Orange County for each of the Option Years, should Behavioral Health elect to exercise its options to extend the Lease Term.

County IT staff will install new fiber optic cabling equipment to the Premises, at the County's sole cost, which will be included in the Behavioral Health Department's FY2017-18 request budget. The Premises will be turned over to the County in "turnkey" condition and Lessor is responsible for all tenant improvements at Lessor's sole cost and obligation subject to prevailing wage law. Lessor is also solely responsible for the cost and obligation to obtain all required permits any necessary regulatory approvals.

Behavioral Health is responsible for monthly payment of utilities used, including water, sewer, trash, gas and electrical, in addition to janitorial, data and telephone service. Lessor is responsible for payment of exterior landscape water, including parking lot repairs and maintenance, fire prevention, real property taxes and insurance.

### **RESULTS**

Approval of the proposed Lease will allow the County's Behavioral Health Department to expand its programs and Mental Health Services operations for adults in South County, to meet the growing community needs under the Mental Health Services Act. The public and staff will benefit from this additional South County location which provides a reception area, multiple staff offices, client interview rooms that ensure client confidentiality, and exclusive on-site parking. This action supports the County's desired community-wide results of a well-governed and healthy community.

### **ATTACHMENTS**

1. Location Map
2. Lease