



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

(1) DEPARTMENT Central Services		(2) MEETING DATE 11/6/2018		(3) CONTACT/PHONE Phil D'Acri (805) 781-5206	
(4) SUBJECT Request to approve a First Amendment to a Lease Agreement with Walter Brothers Construction Company Inc. for the Sheriff's Office and Planning and Building to expand into an additional 3,630 square feet of improved office space at 3220 South Higuera Street, Ste. 201 and 225 in San Luis Obispo. District 3.					
(5) RECOMMENDED ACTION It is recommended that the Board: 1. Approve a First Amendment to a Lease Agreement with Walter Brothers Construction Company Inc. for the Sheriff's Office and Planning and Building to expand into an additional 3,630 square feet of improved office space at 3220 South Higuera Street, Ste. 201 and 225 in San Luis Obispo. 2. Authorize the Chairperson to sign the First Amendment to the Lease Agreement.					
(6) FUNDING SOURCE(S) Miscellaneous Trust Fund- Sheriff's Office, Fee Revenue & General Fund		(7) CURRENT YEAR FINANCIAL IMPACT \$56,084.96 (Dec 2018-June 2019)		(8) ANNUAL FINANCIAL IMPACT \$99,289.27 (July 2019-June 2020), annual 4% increases in April	
(9) BUDGETED? No					
(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 February 6, 2018	
(17) ADMINISTRATIVE OFFICE REVIEW Zola Moore-Stansbury					
(18) SUPERVISOR DISTRICT(S) District 3					



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Central Services / Phil D'Acri
(805) 781-5206

DATE: 11/6/2018

SUBJECT: Request to approve a First Amendment to a Lease Agreement with Walter Brothers Construction Company Inc. for the Sheriff's Office and Planning and Building to expand into an additional 3,630 square feet of improved office space at 3220 South Higuera Street, Ste. 201 and 225 in San Luis Obispo. District 3.

RECOMMENDATION

It is recommended that the Board:

1. Approve a First Amendment to a Lease Agreement with Walter Brothers Construction Company Inc. for the Sheriff's Office and Planning and Building to expand into an additional 3,630 square feet of improved office space at 3220 South Higuera Street, Ste. 201 and 225 in San Luis Obispo.
2. Authorize the Chairperson to sign the First Amendment to the Lease Agreement.

DISCUSSION

On February 6, 2018, the Board of Supervisors approved a Lease Agreement ("Lease") as a relocation premises of the Sheriff's Special Operations Unit operating in the modular units adjacent to Stahl Hall at the Jail Facility on Kansas Avenue to repurpose the County premises for mental health treatment space.

The relocation of the Sheriff's Special Operations Unit at 3220 South Higuera has proven to be a superior location for the Sheriff's Office, as it remains a closer access point to Highway 101 that allows for quicker on-scene response times in comparison to the 5-mile drive from Kansas Ave to access Highway 101.

The proposed First Amendment to the Lease allows for expansion space as follows:

- **Sheriff Detectives Division (17 employees) in Suite 201 (2,790 SF)**- The Detectives Division is currently separated in different locations. With lease space becoming available at 3220 South Higuera, it was determined that it would be beneficial for the Detectives Division to move into this off-site leased space. The benefits of moving the Detectives Division into one space include improved communication and collaboration between the different detective divisions and unified supervision of the entire Investigative

Services Bureau. Movement of the Detective Bureau also accommodates office space needed for Law Enforcement Health Care staff that will be on-site as part of the Sheriff's Office contracted medical services.

- **Two (2) Sheriff Deputies and four (4) Code Enforcement Staff (Planning and Building) in Suite 225 (840 SF)**- Collocation of Deputies and Code Enforcement staff allows for collaboration on the work they perform together on cannabis enforcement. These activities include monitoring and abatement, which require close communication between law enforcement and code enforcement staff.

OTHER AGENCY INVOLVEMENT/IMPACT

The Sheriff's Office and Planning and Building Departments reviewed and approved the terms of the First Amendment to the Lease Agreement. County Counsel has reviewed and approved the First Amendment to Lease Agreement for form and legal effect.

FINANCIAL CONSIDERATIONS

The table below represents the additional costs for the Sheriff's Office and Planning and Building. The additional monthly full-service gross rental rate is \$7,877.10 (\$2.17 per square foot) through March 2019. The FY 2019-20 annual rental impact is \$99,289.27, with 4% annual increases each April.

Property	Square Footage	Cost Per Square Foot	Cost Per Month	Cost through March 2019	Cost Apr-June (4% increase)	FY 18/19 Estimated Rents	FY 19/20 Estimated Rents
(1) 3220 Higuera #200 SOU Sheriff's Office (Existing)	3,753	2.17	8,144.01	73,296.09	25,409.31	98,705.40	102,653.62
(2) 3220 Higuera #201 - Sheriff's Office (Proposed)	2,790	2.17	6,054.30	24,217.20	18,889.42	43,106.62	76,313.24
Total Sheriff's Office Rents			14,198.31	97,513.29	44,298.73	141,812.02	178,966.86
(3) 3220 Higuera #225 - Planning (Proposed)	840	2.17	1,822.80	7,291.20	5,687.14	12,978.34	22,976.03
Total Planning Rent			1,822.80	7,291.20	5,687.14	12,978.34	22,976.03
Total Rents			16,021.11	104,804.49	49,985.86	154,790.35	201,942.89

The Sheriff's Office is not requesting an appropriation increase at this time, as there is sufficient appropriation currently to cover the additional expenditures of \$43,107 in FY 2018-19. However, should an adjustment become necessary later in the fiscal year, the department will return to the Board in the third quarter to request that Miscellaneous Trust Fund revenue cover the additional expense. Future additional rents (estimated at \$76,313 per year plus annual increases) will have no impact on the General Fund. The Sheriff's Office has previously budgeted rents for other facilities totaling approximately \$40,000 that will be re-directed to this proposed lease. Additionally, the Sheriff's Office Miscellaneous Trust Fund will cover the remaining expense.

The Department of Planning and Building share of costs totaling \$12,978 in FY 2018-19 and \$22,976 in FY 2019-20 are revenue offset and will result in no General Fund increases now and in perpetuity. No adjustments in appropriation for FY 2018-19 are necessary for Planning & Building at this time. Should additional adjustments become necessary, the department will return to the Board later in FY 2018-19. Future budgets will include \$22,976

in cannabis land use fee revenue (4050065) and cannabis abatement fee revenue (4550085) and cannabis abatement expense 5050405 and require no additional General Fund support.

Walter Brothers Construction Company Inc. (Lessor) is responsible for payment of all utilities furnished to the Leased Premises, including electric, gas, water, sewer, trash, fiber-optic service, regular custodial service, 36 exclusive parking spaces, including all common area expenses and utilities, fire prevention, taxes and insurance.

Lessor shall be responsible for all costs associated with improving the Premises for County's occupancy. Rent will not commence until improvements are substantially completed and the County accepts premises in move in condition. Lessor shall reconfigure the premises to accommodate dual access from Suite 200 and 201. Suite 201 and 225 will also be fully secured as a "stand alone" suite and inclusive to the gross rental rate and all funded by the Lessor. The all-inclusive full-service gross rental rate, high quantity of exclusive parking spaces, emergency access, and furnishings offered to the County are uncommon in the San Luis Obispo downtown lease market at this time, and therefore a more desirable premise to lease and expand County operations through the initial 10-year lease term.

RESULTS

Approval of the First Amendment to Lease Agreement between the County of San Luis Obispo and Lessor will allow the Sheriff's Office and Planning and Building Departments to expand its operation in the Walters Building that originally relocated staff when the existing modular buildings began restoration for mental health related programs early in 2018, to meet the community mental health needs providing communitywide results where all people, adults and children, have a sense of security and well-being. Approval of this First Amendment to the Lease Agreement also contributes to the community-wide goal of a "Safe Community" by providing quicker on-scene response times and integrated County services.

ATTACHMENTS

1. Attachment 1 - Location Map
2. Attachment 2 - First Amendment to Lease