



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

(1) DEPARTMENT Central Services		(2) MEETING DATE 9/17/2019		(3) CONTACT/PHONE Philip M. D'Acri (805) 781-5206	
(4) SUBJECT Request to approve: 1) the third amendment to lease between County of San Luis Obispo and Montoro Land Company, LLC for office space at 1200 Monterey Street in San Luis Obispo and 2) second amendment to lease between County of San Luis Obispo and Montoro Land Company, LLC for a parking lot at 970 Toro Street in San Luis Obispo. All Districts.					
(5) RECOMMENDED ACTION It is recommended that the Board approve and authorize the Chairperson to sign: <ol style="list-style-type: none"> <li>1. Third amendment to lease between County of San Luis Obispo and Montoro Land Company, LLC for office space at 1200 Monterey Street in San Luis Obispo.</li> <li>2. Second amendment to lease between County of San Luis Obispo and Montoro Land Company, LLC for a parking lot at 970 Toro Street in San Luis Obispo.</li> </ol>					
(6) FUNDING SOURCE(S) Department of Child Support Services Fund Center 13401 (funded with a combination of Federal and State funds)		(7) CURRENT YEAR FINANCIAL IMPACT \$15,000 not to exceed \$54,000 Office Improvements \$345,505.08 Office Rent \$6,755.88 Parking Rent		(8) ANNUAL FINANCIAL IMPACT \$355,870.23, 3% ann. increases thereafter (Office) \$6,958.55, 3% ann. increases thereafter (Parking)	
(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: 1819180 <input type="checkbox"/> 4/5th's 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 Dates: <u>4/17/2001, 2/09/1999, 6/05/2001 &amp; 5/19/2015</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Courtney Pene					
(18) SUPERVISOR DISTRICT(S) All Districts					



## COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Central Services / Philip M. D'Acri  
(805) 781-5206

DATE: 9/17/2019

SUBJECT: Request to approve: 1) the third amendment to lease between County of San Luis Obispo and Montoro Land Company, LLC for office space at 1200 Monterey Street in San Luis Obispo and 2) second amendment to lease between County of San Luis Obispo and Montoro Land Company, LLC for a parking lot at 970 Toro Street in San Luis Obispo. All Districts.

### **RECOMMENDATION**

It is recommended that the Board approve and authorize the Chairperson to sign:

1. Third amendment to lease between County of San Luis Obispo and Montoro Land Company, LLC for office space at 1200 Monterey Street in San Luis Obispo.
2. Second amendment to lease between County of San Luis Obispo and Montoro Land Company, LLC for a parking lot at 970 Toro Street in San Luis Obispo.

### **DISCUSSION**

#### **1200 Monterey Street – Office Lease:**

On February 9, 1999 the Board approved a lease for the Department of Child Support Services (DCSS or County) with Montoro Land Company, LLC (Lessor) at 1200 Monterey Street in San Luis Obispo. DCSS provides assistance to families to ensure prompt establishment and enforcement of child and medical support for children who reside in San Luis Obispo County or children whose non-custodial parent resides in the County. Some of the support that the 1200 Monterey Street location offers consists of opening cases for child support applicants, interviewing case participants, conducting paternity investigations and establishing paternity. Establishing child and medical support judgments and enforcing support collection is also done out of this location. The lease term was for a period of up to 11 years. The lease was for newly built 11,370 square feet of office space in which the County was the first occupants.

On April 17, 2001 the Board approved the first amendment to the lease. The first lease amendment more accurately defined the finished building square footage at 12,300 square feet of usable office space as well as clarified the gross monthly rental amount as \$18,450 effective July 1, 2001.

On May 19, 2015 the Board approved the second amendment to lease. The lease extended for a period of five (5) years, expiring May 31, 2020 and provided five (5) automatic extensions, each for a period of one year with a 120 days'

notice not to renew option of the County. In addition, the parking language specified that the County has the exclusive right to use all on-site parking spaces and updated the language to comply with the City of San Luis Obispo's parking requirement as outlined on the "Off-Site Parking Agreement" dated May 23, 2001.

The proposed third amendment to lease extends the term up to May 31, 2030 and aligns the expiration dates with the 970 Toro Street parking lot lease. In addition, the Lessor has agreed to improve the premises by altering the main public access entrance and first floor to better serve the public and County staff. The main public access entrance will be altered by relocating the main entrance doors to the Monterey Street side of the building on ground level, rather than the current Toro Street entrance that opens to a downward staircase. This new entrance location and alteration will allow all pedestrians, wheelchairs and strollers better accessibility at one access point than the current rerouting of wheelchairs and strollers from the parking structure level entrance to the building. Lastly, the annual rental increase will be modified to a fixed three (3%) percent rather than the current consumer price increase that has fluctuated inconsistently over the years.

**970 Toro Street – Parking Lease:**

An Off-Site Parking Agreement between the Lessor, the County and the City of San Luis Obispo was entered into on May 23, 2001. As a condition of building the office space at 1200 Monterey, the City required the lessor to maintain 11 additional off-site, off-street parking spaces to serve the County during its hours of operation. The Lessor has provided the off-street parking at the adjacent property located at 970 Toro Street.

On June 5, 2001 the Board approved a Lease for the DCSS with the Lessor for parking at 970 Toro Street. The lease term was for a period of up to fourteen (14) years and two (2) months, expiring May 31, 2015, and consisting of approximately 5,554 square feet of improved parking area. Included in this lease are the eleven (11) parking spaces required by the Off-Site Parking Agreement to serve 1200 Monterey, and there are an additional eleven (11) parking spaces included in the Lease for a total of twenty-two (22) parking spaces. Of the additional eleven (11) leased parking spaces, eight (8) spaces are assigned to the County's District Attorney's Office, two (2) to the County's Planning and Building Department and one (1) to DCSS.

On May 19, 2015 the Board approved the first amendment to lease. The amendment extended for a period up to ten (10) years expiring May 31, 2025.

The proposed second amendment extends the term up to May 31, 2030 and aligns the expiration dates with the 1200 Monterey office lease. In addition, the annual rental increase will be modified to a fixed three (3%) percent rather than the current consumer price increase that has fluctuated inconsistently over the years.

**OTHER AGENCY INVOLVEMENT/IMPACT**

The lease amendments were negotiated by Central Services' Real Property Services Division and reviewed and approved by DCSS. The lease amendments for 1200 Monterey and 970 Toro were also reviewed by County Counsel as to form and legal effect.

**FINANCIAL CONSIDERATIONS**

The current monthly rent for 1200 Monterey Street is \$28,792.09, approximately \$2.34 gross per square foot. Annual three (3%) percent adjustments are scheduled every July 1. There are no changes to the lease rates. The cost for the improvements are estimated at \$30,000. County's portion of this one-time cost is estimated to be \$15,000 but shall not exceed \$54,000. The funds to cover the one-time improvement cost will come from a State awarded fund of \$60,000 to remodel the customer reception area to make it more accessible to the public. This remodel will allow the department to serve its customers better and make the public area a more welcoming and friendlier environment.

The cost for the lease is included in the DCSS Fund Center 13401 budget for the current and ongoing fiscal years. Funding for this lease will come from a combination of Federal and State funds. The County will have zero share of costs. Rent is reimbursable because it is defined as an administrative cost. Administrative costs for the DCSS are reimbursed with 66% Federal and 34% State monies to fund this program.

Current monthly rent for 970 Toro Street is \$562.99, approximately \$25.59 per parking space for twenty-two (22) total parking spaces of which eleven (11) spaces are required as a condition of the 1200 Monterey lease. This lease is funded from the Central Services budget 11604, including projected annual three (3%) percent adjustments that are scheduled every July 1.

## **RESULTS**

Approval of the third amendment to lease 1200 Monterey Street and second amendment to lease for 970 Toro Street will align the lease terms up to May 31, 2030, allow for accessibility improvements and fix the annual rents to three (3%) percent budget consistency. Approval of both amendments will allow the DCSS to continue to serve the San Luis Obispo community in a convenient, accessible and secure location. The DCSS, the District Attorney's Office and the Department of Planning and Building will continue to benefit from the use of their assigned parking spaces at 970 Toro Street. This action supports the County's desired community-wide results of a well-governed and healthy community.

## **ATTACHMENTS**

1. Attachment 1 - Location Map
2. Attachment 2 - 1200 Monterey Street Lease Agreement
3. Attachment 3 - 1200 Monterey Street First Amendment
4. Attachment 4 - 1200 Monterey Street Second Amendment
5. Attachment 5 - 1200 Monterey Street Third Amendment DRAFT
6. Attachment 6 - 970 Toro Street Lease Agreement
7. Attachment 7 - 970 Toro Street First Amendment
8. Attachment 8 - 970 Toro Street Second Amendment DRAFT
9. Attachment 9 - Off-Site Parking Agreement