



Board Agenda Item 35

DATE: August 9, 2022

TO: Board of Supervisors

SUBMITTED BY: Susan Holt, Director, Department of Behavioral Health
Robert W. Bash, Director, Internal Services/Chief Information Officer

SUBJECT: Behavioral Health Air Fresno Lease - 2719 N. Air Fresno Drive

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute a Lease Agreement with Fresno-Air LTD for 38,921 square feet of office space located at 2719 N. Air Fresno Drive, Ste 107, Fresno CA 93727, commencing on the Delivery of Possession for an initial term of two years (\$837,175 in rent plus approximately \$196,162 in operating costs, for a total of \$1,033,337 for the initial term), then converting to a month-to-month lease (\$35,932 per month), for use by the Department of Behavioral Health while the Olive and Heritage Campuses are under construction.**
- 2. Authorize the Director of Internal Services to terminate the existing month-to-month Lease Agreement with Fresno-Air LTD at the same location of 2719 N. Air Fresno Drive, Suite 107, Fresno, CA 93727, upon completion of tenant improvements.**

There is no additional Net County Cost associated with the recommended actions, which will provide sufficient space for Children's and Transitional Age Youth Clinical Outpatient Operations to function at this location until the construction of the Olive Campus, 5555 E Olive Ave, is complete. It is anticipated that the Department of Behavioral Health (DBH) will need to remain at the Air Fresno location until July 2024. This item pertains to a location in District 3.

ALTERNATIVE ACTION(S):

Should the recommended action not be approved, other short-term lease options would have to be pursued to provide the needed space for staff until the Olive Campus can be occupied.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. Rent and operating costs will be fully offset with a combination of Federal Financial Participation and Realignment funds. The rent is \$34,537 per month for 38,921 square feet for the first year and will increase by 2% each additional year. In addition to rent, DBH will pay \$8,173 per month in operating costs. Sufficient appropriations and estimated revenues are included in the Department's Org 5630 FY 2022-23 Recommended Budget and will be included in subsequent budget requests.

DISCUSSION:

On August 13, 2013, the Board executed Lease Agreement No. 13-515 for 38,921 square feet of office space at 2719 N. Air Fresno Drive, Suite 107, Fresno, CA 93727 (Air Fresno), to be used by the Department of Social Services (DSS) as a call center.

On November 2, 2021, your Board Executed First Amendment to Lease Agreement No. 13-515 (County Contract No. 21-458) to change the terms of the lease agreement to month-to-month, in order to allow DSS time to relocate their call center operations to the Clovis Campus. DSS completed their move and relinquished possession of the Air Fresno facility on February 28, 2022.

On February 22, 2022, your Board executed Lease Agreement No. 22-059 for 173,200 square feet of space (151,650 square feet of office space and 21,500 square feet of storage space) at the Heritage Center, which has a general address of 3151 N. Millbrook, to be used by DBH for Children's and Transitional Age Youth Clinical Outpatient Operations.

Due to ongoing tenant improvements at the Heritage Center, DBH needs to relocate its Children's and Transitional Age Youth Clinical Operations offsite so that construction on the Heritage Campus can remain on schedule. DBH determined that the Air Fresno facility, recently vacated by DSS, was a suitable temporary space to meet DBH's operational needs. On March 1, 2022, DBH continued paying for DSS's existing month-to-month lease and took possession of the Air Fresno facility, under the existing month-to-month Lease Agreement No. 13-515.

DBH is also planning construction to 5555 E Olive Ave., which will eventually house both Children's and Adult Clinical Outpatient Operations. 2719 N. Air Fresno will be a temporary worksite for those staff who will be impacted by the Heritage Center construction.

The recommended lease agreement is for an initial term of two years, which will then convert to a month-to-month lease at the end of the two-year term, if necessary. Under the recommended lease, DBH will pay for and perform tenant improvements to the space, including demountable walls, modular furniture, and electrical work, as necessary. The recommended lease provides that at the end of the term or upon termination of the lease, all demountable walls installed in the premises shall remain with the premises, and shall become the property of the lessor.

The recommended lease also provides that DBH will pay for electricity, natural gas, telephone, internet services, and janitorial services for the premises; DBH will also pay for operating costs, including property taxes, property insurance, maintenance and property management costs, and common area utilities in the amount of \$8,173.41 per month for the first year of the term, to be adjusted thereafter based on the prior year's actual operating costs.

Approval of the recommended actions will allow DBH to maintain business operations while the Heritage Center and Olive Campuses undergo construction, and will delegate authority to the Director of Internal Services to terminate the current month-to-month lease agreement at the same location.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with Fresno-Air LTD

CAO ANALYST:

Ron Alexander