



Board Agenda Item 45

DATE: June 20, 2017

TO: Board of Supervisors

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

SUBJECT: Lease Agreement with Heritage Centre, LLC for Office Space

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute a Lease Agreement with Heritage Centre, LLC., for approximately 66,921 square feet of office space located at 3133 N. Millbrook Avenue in Fresno, CA, to be used by Department of Behavioral Health, effective July 1, 2017, not to exceed five consecutive years, which includes a three-year base contract and two optional one-year extensions, total not to exceed \$5,581,211.

There is no additional Net County Cost associated with the recommended action. The lease agreement is for Department of Behavioral Health office space with parking at the Heritage Centre (the Centre). The Department has housed and provided behavioral health services to consumers at the Centre since May 16, 2000. The agreement will be funded with Medi-Cal Federal Financial Participation (FFP) and Behavioral Health Realignment monies, with no increase in Net County Cost.

ALTERNATIVE ACTION(S):

There are no viable alternative actions as existing vacant County facilities are unable to provide adequate and appropriate office and corresponding storage space to meet the Department's needs.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The maximum amount of the lease agreement is \$5,581,211 for approximately 66,921 square feet at \$1.35 per square foot, increasing by \$.02 per year, at the following monthly rent rates:

Beginning FY 2017-18	\$90,343 a month
Beginning FY 2018-19	\$91,682 a month
Beginning FY 2019-20	\$93,020 a month
Beginning FY 2020-21	\$94,359 a month
Beginning FY 2021-22	\$95,697 a month

The agreement will be fully offset with Medi-Cal FFP and Behavioral Health Realignment funds. Sufficient appropriations and estimated revenues will be included in the FY 2017-18 Recommended Budget for Behavioral Health Org 5630 and in subsequent budget years for the term's duration.

DISCUSSION:

The County first leased office space at Heritage Centre on May 16, 2000, Agreement No. U-00-L17. The total

square footage occupied by the Department fluctuated over the years and in January 2013, your Board approved Agreement No. 13-025 with Heritage Centre, LLC. for approximately 66,921 of office space with parking lot use. The recommended agreement will allow the Department to continue occupying a total of approximately 66,921 square feet of office space with parking lot use.

From the Centre, the Department operates its Children's Mental Health, Administration, Contracted Services, and Quality Improvement/Information Technology (QI/IT) divisions. Over 4,000 children receive services each year at this location.

- Administration Division is responsible for centralized human resources, staff development, and facilities functions for Department staff of almost 600 employees.
- Contracted Services oversees mental health and substance use disorder agreements, providing services for adults and children throughout the County.
- QI/IT team is responsible for the development, management, maintenance, quality oversight of the Department's software and data for the programs and services provided by the Department.

Upon approval of the lease agreement, the owner will make interior improvements including replacing the carpet. The improvement costs is included in the rate. This lease may be terminated with cause, providing thirty (30) days written notice from the County.

REFERENCE MATERIAL:

BAI #37, January 8, 2013
BAI File No. 160002, May 16, 2000

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Lease Agreement with Heritage Centre, LLC

CAO ANALYST:

Sonia De La Rosa