



# Board Agenda Item 47

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DATE: June 22, 2021

TO: Board of Supervisors

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

SUBJECT: Heritage Centre Lease Agreement

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute a retroactive Lease Agreement with Heritage Centre, LLC for approximately 163,170 square feet of combined office and storage space located at 3109, 3127, 3133, 3147, and 3676 N. Millbrook, Fresno, CA 93726, for use by the Department of Behavioral Health, effective February 1, 2021, not to exceed two years and five months, which includes a one-year and five month base contract and an automatic one-year extension (\$5,987,668); and,**
- 2. Authorize the Director of the Internal Services Department/Chief Information Officer, or designee, upon review by County Counsel as to legal form and Auditor-Controller/Treasurer-Tax Collector as to accounting form, to execute an Estoppel Certificate and/or Subordination and Attornment Agreement required by the Lessor, and any other such necessary agreements, certificates, notices, instruments, or documents.**

There is no Net County Cost associated with the recommended actions. Approval of the recommended actions will permit the Department of Behavioral Health to utilize the majority of the space at the Heritage Centre while consolidating several lease agreements for simpler administration. The term will allow the Department to finalize plans for future tenant improvements, negotiate and enter into a longer-term lease agreement with an option to purchase the property. Approval of the recommended action items will authorize the Director of the Internal Services Department/Chief Information Officer, or designee, to execute any documents required by the lessor during the term, including, but not limited to, an estoppel certificate or subordination and attornment agreement. This item pertains to a location in District 3.

ALTERNATIVE ACTION(S):

Your Board may direct the Department to pursue other facility options; however, this would result in foregoing a location that best serves the consumers/clients and fulfils the needs of the Department.

RETROACTIVE AGREEMENT:

The recommended lease agreement is retroactive to February 1, 2021 to account for outstanding costs associated with the Department of Social Services vacation of portions of the premises. Unpaid rent due for February 1, 2021 through June 1, 2021 totals \$135,080.58 pending approval of the recommended actions.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended actions. The maximum compensation for the 163,170 square feet of combined office (141,620 at \$198,684.20) and storage (21,550 at \$3,271) space lease is \$205,787.60 for office and storage space, \$1.43 and \$0.15 per square foot, respectively, during FY 2020-21. The lease rate for the office space would increase 1.9% for FY 2021-22 and 1.4% for FY 2022-23. Sufficient appropriations and estimated revenues will be included in the Department's Org 7340 FY 2021-22 Recommended Budget and will be included in future budget requests.

DISCUSSION:

The Department and has leased office space at the Heritage Centre since May 2000 with several other departments occupying various spaces within the complex over the past 21 years (Lease Agreement Nos. 17-372, 17-285, and 17-324).

The Department's Children's Mental Health, Administration, Contracted Services, and Quality Improvement/Information Technology (QI/IT) divisions are at the site. The Department is in the process of designing plans to relocate additional services from the University Medical Center Campus and creating additional Psychiatric Health Facilities.

On June 2017, the Board approved Lease Agreement Nos. 17-372, 17-285, and 17-324 for 163,170 square feet of combined office (141,620) and storage (21,550) space at \$1.43 per square foot, which will expire on July 1, 2021.

Approval of the recommended lease will provide enough time to finalize the Department's design and plans for tenant improvements to the premises and negotiate a long-term lease, including possible purchase option, to your Board for approval.

REFERENCE MATERIAL:

BAI #28, July 11, 2017  
BAI #45, June 20, 2017  
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 M. De La Rosa