



Board Agenda Item 90

DATE: June 20, 2017

TO: Board of Supervisors

SUBMITTED BY: Delfino E. Neira, Director, Department of Social Services
Robert W. Bash, Director of Internal Services/Chief Information Officer

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

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute a lease Agreement with Heritage Centre, LLC, for office and basement storage space located at 3151 N. Millbrook, 3109 N. Millbrook, 3676 E. Shields, 3688 E. Shields, and 3115 N. Millbrook Fresno, CA, for use by the Department of Social Services, effective July 1, 2017 through June 30, 2022, not to exceed five consecutive years, which includes a three-year base contract and one automatic two-year extension, total not to exceed \$5,138,481.

Approval of the recommended action will create a three-year lease and one automatic two-year extension for 58,866 square feet of office (\$1.35 per square foot) and 12,605 square feet of basement storage space (\$2,521 per month) at the Heritage Centre for the Department of Social Services (DSS). Upon approval, the owner will make interior tenant improvements consisting of new carpet, and lobby window reconfiguration. County's cost for tenant improvements of \$70,000, shall be amortized over three (3) years with interest. The Agreement maximum for the first year is \$1,009,813, with no increase in Net County Cost.

ALTERNATIVE ACTION(S):

There are no alternative actions as current vacant County facilities are unable to provide adequate and appropriate office space.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The maximum cost of this Lease Agreement (\$5,138,481) includes rent (\$5,060,685) and tenant improvement costs (\$77,796) which will be offset with State and Federal Social Services funds (\$4,600,708), 1991 Realignment funds (\$20,707), and \$6,783 in Net County Cost will fund the General Relief program's share of cost. In addition, \$510,283 in 2011 Realignment funds will offset the former State share of the Child Welfare Services and Adult Protective Services Programs that were realigned to counties through Assembly Bill (AB) 118. Sufficient appropriations will be included in the FY 2017-18 Recommended Budget for the Department of Social Services, Org 56107001 and will be included in subsequent budget years.

DISCUSSION:

The County first leased approximately 38,000 square feet of office space at Heritage Centre (formerly the site of Valley Children's Hospital) on May 16, 2000 for the Department of Child and Family Services (Agreement U-00-L17). Over the years, additional space was leased by DSS occupying 58,866 square feet of office space, and an additional 12,605 square feet of basement storage space.

DSS operates its CalFresh and Medical programs, Staff Development, and Information Technology programs at the Heritage Centre. Over 95,000 CalFresh and Medical clients are provided services each year at this location. Staff Development is responsible for the in-house instruction of over 2,600 DSS staff and the topics of instruction cover all aspects of DSS programs and range from CalFresh and Medi-Cal eligibility, to defensive driver refresher courses. The Information Technology unit is responsible for the development, management, and maintenance of the Department's software and data for the programs and services provided by DSS.

Upon approval of the lease, the owner will make interior tenant improvements consisting of new carpet, and lobby window reconfiguration which are necessary to meet a change in business practice to better serve DSS clients. County's cost for tenant improvements of \$70,000, shall be amortized over three (3) years with interest.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with Heritage Centre, LLC

CAO ANALYST:

Ronald Alexander