



Board Agenda Item 8

DATE: September 26, 2017

TO: Board of Supervisors

SUBMITTED BY: Lisa A. Smittcamp, District Attorney - Public Administrator
Robert W. Bash, Director of Internal Services/Chief Information Officer

SUBJECT: Lease/Option to Purchase Agreement for Office of the District Attorney

RECOMMENDED ACTION(S):

1. **Approve and authorize the Chairman to execute a Lease Agreement, including an Option to Purchase, with River Park Properties III, a California limited partnership, for 73,210 square feet of office space and parking area located at 2100 Tulare Street, Fresno, CA (APN 468-251-10), for use by the Office of the District Attorney - Public Administrator for a primary term of twenty years, with a one-time year ten option to purchase, effective the date the Office of the District Attorney takes occupancy, lease cost not to exceed \$15,128,846.50.**
2. **Authorize the Director of Internal Services/Chief Information Officer, or his designee, to execute, upon review and approval by County Counsel, Lease Commencement Notification, Estoppel and/or Subordination and Non-Disturbance Agreements regarding the recommended lease agreement, if County is requested by River Park Properties III, a California limited partnership, (Lessor) to sign such documents.**

Approval of the recommended actions will authorize the District Attorney - Public Administrator to lease the property at 2100 Tulare Street, Fresno, CA (the "Property") for ten years and provide an option to purchase this property at year ten. The Base Rent for ten years is \$15,128,846.50. The option to purchase the Property for \$15,000,000 may be exercised between the 114th and 120th full months of the Lease Term. The lease provides for a ten-year extension term after the initial ten-year period expires if the purchase option is not exercised prior to that.

ALTERNATIVE ACTION(S):

Your Board could direct the District Attorney - Public Administrator to pursue other facility options to consolidate staff. However, it would result in a lost opportunity to select a desirable available property that is in a location suited to meet the needs of the District Attorney - Public Administrator.

FISCAL IMPACT:

There is an increase in Net County Cost (NCC) associated with the recommended actions. The annual base rent will be \$1,440,772.80 (\$1.64/square foot) through completion of the fifth year of the lease. Upon commencement of the sixth year, rent for the office space will increase by 10% (\$1.80/square foot). Since this is a Triple Net lease, the County will incur annual operating costs in addition to the base rent. Such costs are estimated at \$595,590 (\$.68/square foot) and include all maintenance, janitorial, landscaping, property taxes and insurance. The District Attorney Org 2860 FY 2017-18 Adopted Budget contains \$521,938 in appropriations for existing leases and operating expenses that could be redirected to partially offset the additional cost for the new lease once the existing leases expire. However, the amount available in the current year decreases monthly as rent and

operating expenses are incurred for existing locations until they are vacated. Funding is included in Org 2540 Interest and Miscellaneous Expenditures to cover the increase in Net County Cost.

DISCUSSION:

The District Attorney - Public Administrator has searched for a facility since 2013 that would allow for consolidation of staff and operations that are currently at three different locations: 929 L Street, 1260 M Street and the Fresno County Plaza Building. Consolidation of staff and operations would enhance the operational efficiencies. The balance of the District Attorney staff currently housed at the Juvenile Justice Center and MAGEC will continue to remain in those facilities.

The recommended Lease Agreement including the option to purchase the Property at 2100 Tulare Street, Fresno, CA consists of approximately .26 acres. The building was constructed in 1913, and has office space of 73,210 square feet and parking for approximately 11 spaces. The Lease Agreement is for an initial term of ten years and provides an option to purchase the Property. The Base Rent for ten-years is \$15,128,846.50. The option to purchase the Property for \$15,000,000 can be exercised between the 114th and 120th full months of the Lease Term. If the purchase option is not exercised, during the initial 10-year term, the lease automatically renews for an additional ten-year period, unless the County provides written notice of non-renewal at least 6 months prior to expiration of the initial term.

The Lease includes insurance language (notably a mutual hold harmless provision and waiver of subrogation) that deviates somewhat from the typical provisions found in leases where the County is the lessor; however, these provisions have been deemed acceptable by Risk Management for purposes of this Triple Net lease.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with the Clerk - Agreement with River Park Properties III

CAO ANALYST:

Jeannie Z. Figueroa