



County of Fresno

Hall of Records, Rm. 301
2281 Tulare Street
Fresno, California
93721-2198

Legislation Text

File #: 18-1195, Version: 1

DATE: July 9, 2019

TO: Board of Supervisors

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

SUBJECT: Lease/Option to Purchase Agreement for the Office of the District Attorney and Budget Resolution for Rowell Building Tenant Improvements

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute a Lease Agreement, including an Option to Purchase, with River Park Properties II, a California limited partnership, for 70,495 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 for a lease term of twenty years, effective the date the Office of the District Attorney commences operations from the building or the substantial completion of improvements occurs (anticipated to be on or about March 1, 2020), lease cost not to exceed \$17,341,770 for the first ten years of the Lease Term and with an option to purchase for \$18,000,000 at the end of the 10th year of the lease term;**
- 2. Authorize the Director of Internal Services/Chief Information Officer, or his designee, to execute, upon review and approval by County Counsel, Notice of Lease Term Dates, Memorandum of Lease, Estoppel and/or Subordination and Non-Disturbance Agreements regarding the recommended lease agreement, if County is requested by River Park Properties II, a California limited partnership, (Lessor) to sign such documents; and**
- 3. Adopt Budget Resolution increasing FY 2019-20 appropriations for the District Attorney Building Org 8854 in the amount of \$5,455,540 (4/5 vote).**

Approval of the recommended actions will authorize the District Attorney to lease the property at 2100 Tulare Street, Fresno, CA (the "Property") for twenty years and provide an option to purchase this property at the end of year ten of the lease term. The Base Rent for the first ten years of the Lease Term is \$17,341,770. The notice of option to purchase the Property for \$18,000,000 may be given at any time between the 108th and 120th month of the Lease Term with a closing of escrow on the sale no earlier than the end of the tenth year of the lease. The Budget Resolution will increase appropriations in Capital Projects Fund 0400 that includes \$5,455,540 in the District Attorney (DA) Building Org 8854 for Rowell Building improvements that are the responsibility of the County. This item is countywide.

ALTERNATIVE ACTION(S):

Your Board could direct the District Attorney 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.

FISCAL IMPACT:

There is an increase in Net County Cost associated with the recommended actions. The annual base rent will be \$1,649,583 (\$1.95/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% (\$2.15/square foot). Since this is a Triple Net lease, the County will incur annual operating costs in addition to the base rent. Funding is included in Org 2540 Interest and Miscellaneous Expenditures to cover the increase in Net County Cost.

The Capital Projects Org 8854 includes \$5,455,540 in revenues. Approval of the third recommended action will increase FY 2019-20 appropriations for the District Attorney Building Org 8854, Fund 0400 and Subclass 10054 in the amount of \$5,455,540 to match revenues already budgeted and will allow for building improvements that are the responsibility of the County.

DISCUSSION:

The District Attorney 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 departmental 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 70,495 square feet and parking for approximately 13 spaces. The Lease Agreement is for a term of twenty years and provides an option to purchase the Property. The Base Rent for the first ten years of the Lease Term is \$17,341,770. The option to purchase the Property for \$18,000,000 can be exercised at any time during year ten of the Lease Term with an escrow closing on the sale no earlier than the end of year ten of the Lease Term.

The Lease includes insurance language (notably a mutual hold harmless provision and waiver of subrogation) that deviates 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.

Capital Projects Org 0400 includes previously Board approved revenue in the amount of \$5,455,540 for the District Attorney Building Org 8854. Approval of the new lease of the Rowell Building for the District Attorney to relocate from the Plaza and various other locations will require the third recommended action to increase the current FY 2019-20 appropriations for the District Attorney Building Org 8854 by \$5,455,540, to cover planned improvements that are the County's responsibility to prepare the Rowell Building for occupancy.

The Department of Public Works and Planning has reviewed this agenda item.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with River Park Properties II
On file with Clerk - Budget Resolution (Org 8854)

CAO ANALYST:

Jeannie Z. Figueroa