



# County of Fresno

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Fresno, California  
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## Legislation Details (With Text)

**File #:** 17-1207

**On agenda:** 9/26/2017

**Final action:** 9/26/2017

**Enactment date:**

**Enactment #:** Agreement No. 17-519, Resolution No. 17-443, Resolution No. 17-444, Resolution No. 17-445

**Title:** Approve and authorize the Chairman to execute a Lease Agreement with Pontiac 7, LLC., for 101,696 square feet of office space and 49,897 square feet of warehouse space, located at 205 W. Pontiac, Clovis, CA 93612, for use by County's DSS, effective the date the County takes occupancy, not to exceed ten consecutive years, which includes an eight-year base term and one optional two-year extension, total not to exceed (\$35,813,090); Adopt Budget Resolution increasing FY 2017-18 appropriations and estimated revenues for the Welfare Advance Fund Organization 1120 in the amount of \$1,745,159 (4/5 vote); Adopt Budget Resolution increasing FY 2017-18 appropriations for the Protective Services Subaccount Organization 6210 in the amount of \$206,389 (4/5 vote); Adopt Budget Resolution increasing FY 2017-18 appropriations and estimated revenues for the Department of Social Services Organization 5610 in the amount of \$1,951,548 (4/5 vote); 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 Pontiac 7, LLC, a limited liability company, (Lessor) to sign such documents

**Attachments:** 1. Agenda Item, 2. Agreement A-17-519 with Building #7, LLC, 3. Resolution No. 17-443, 4. Resolution No. 17-444, 5. Resolution No. 17-445

Date	Ver.	Action By	Action	Result
9/26/2017	1	Board of Supervisors	Approved (Consent Agenda)	Pass

**DATE:** September 26, 2017

**TO:** Board of Supervisors

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

**SUBJECT:** Lease of office space for the Department of Social Services (DSS)

### RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute a Lease Agreement with Pontiac 7, LLC., for 101,696 square feet of office space and 49,897 square feet of warehouse space, located at 205 W. Pontiac, Clovis, CA 93612, for use by County's DSS, effective the date the County takes occupancy, not to exceed ten consecutive years, which includes an eight-year base term and one optional two-year extension, total not to exceed (\$35,813,090).**
- 2. Adopt Budget Resolution increasing FY 2017-18 appropriations and estimated revenues for the Welfare Advance Fund Organization 1120 in the amount of \$1,745,159 (4/5 vote).**
- 3. Adopt Budget Resolution increasing FY 2017-18 appropriations for the Protective Services Subaccount Organization 6210 in the amount of \$206,389 (4/5 vote).**

4. **Adopt Budget Resolution increasing FY 2017-18 appropriations and estimated revenues for the Department of Social Services Organization 5610 in the amount of \$1,951,548 (4/5 vote).**
5. **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 Pontiac 7, LLC, a limited liability company, (Lessor) to sign such documents.**

Approval of the recommended action will create an eight-year lease and one automatic two-year extension for 101,696 square feet of office (\$1.53/square foot) and 49,897 square feet of storage space (\$.56/square foot) for the Department of Social Services (DSS). The Agreement maximum for the first year is \$2,202,447 with no increase in Net County Cost.

#### ALTERNATIVE ACTION(S):

Your Board could direct the Department of Social Services to pursue other facility options to consolidate staff. However, it would result in a lost opportunity to select a desirable available property that fulfills the needs of the Department of Social Services

#### FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The total cost of the recommended Lease (\$35,813,090) will be fully offset with State and Federal Social Services Allocations (\$31,772,724) and 2011 Realignment (\$3,623,195) in lieu of State General Funds for Child Welfare Services and Adult Protective Services Programs that were realigned to counties through Assembly Bill (AB) 118, 1991 Social Services Realignment (\$134,368) and the required Net County Cost (\$282,803) which offsets the General Relief Program share of cost. The Net County Cost of \$15,533, for FY 2017-18 will be offset with higher than anticipated vacancy rate discount; therefore, no increase in appropriations will be needed to fund this cost.

Approval of the second recommended action will increase FY 2017-18 appropriations and estimated State and Federal revenues in the Welfare Advance Fund Organization 1120 (\$1,745,159) as an Operating Transfer Out to the Department of Social Services Organization 5610 using funds that will be received from the State and Federal government in FY 2017-18 to fund increased Lease cost. Approval of the third recommended action will increase FY 2017-18 appropriations in the Local Revenue Fund 2011 - Fund 0271, Protective Services Subaccount Organization 6210 as an Operating Transfer Out to the Department of Social Services Organization 5610 using available fund balance (\$206,389). Approval of the fourth recommended action will increase FY 2017-18 appropriations and estimated revenues by \$1,951,548 in the Department of Social Services Organization 5610 through an Operating Transfer In from the Welfare Advance Fund Organization 1120 and the Protective Services Subaccount Organization 6210 to cover the costs of this new Lease.

#### DISCUSSION:

The Department of Social Services' (DSS) Strategic Plan places emphasis on enhancing Department performance and improving client experience. A key component as part of this strategic plan is streamlining business and administrative functions to increase efficiency and operational effectiveness. Approval of the recommended lease is essential for DSS to implement its Strategic Plan.

DSS administrative and back office functions are currently located in seven different buildings throughout metro-Fresno. The recommended lease will enable DSS to co-locate all administrative staff and programs who provide back office programmatic support into one building. This will allow for greater operational efficiency and increased communication which will enable the Department to provide higher quality services to the residents of Fresno County.

It is estimated that the relocation of administrative and back office functions will release approximately 135,000 square feet of leased and County-owned office space in metro-Fresno.

This property satisfies the needs and requirements of DSS and it is anticipated that the property will require renovation to ensure it is operationally functional. Renovation costs are being developed to solidify the internal layout of the office space and DSS will bring an item to your Board at a later date for any necessary budget adjustments and/or appropriation increases.

The property at 205 W. Pontiac Way, Clovis, CA consists of approximately 5.86 acres. The building was constructed in 2005, and has office space of 101,696 square feet, warehouse space of 49,897 and approximately 450 parking spaces. The Lease Agreement is for an initial term of eight-years. The Base Rent for ten-years is \$24,116,174. The lease automatically renews for an additional two-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 deviate somewhat from the typical provisions found in leases where the County is the lessee, 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 Building #7, LLC  
On file with Clerk - Resolution (Org. 1120)  
On file with Clerk - Resolution (Org. 6210)  
On file with Clerk - Resolution (Org. 5610)

**CAO ANALYST:**

Ronald Alexander