



County of Fresno

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Fresno, California
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Legislation Details (With Text)

File #: 19-0704 **Name:** B3 Lease Amendment

In control: Social Services

On agenda: 7/9/2019 **Final action:** 7/9/2019

Enactment date: **Enactment #:** Agreement No. 17-644-1

Title: Approve and authorize the Chairman to execute First Amendment to Lease Agreement No. 17-644 with Pontiac 3 & 5, LLC, at 200 Pontiac Way, Clovis, CA 93612, for Tenant Improvements, increasing the office space from 23,580 square feet to 95,534 square feet and reducing the warehouse space from 65,227 square feet to 0 square feet, excluding the 9-11 Memorial from the Lease, and Renewing the Lease for one (1) nineteen-year period upon completion of Tenant Improvements, total not to exceed (\$87,786,679); Authorize the Director of Internal Services/Chief Information Officer or his/her representative, to approve and execute Occupancy Notice confirming the building square footage, not to exceed 95,534 square feet, rent schedule, and final tenant improvement amortization schedule

Sponsors:

Indexes:

Code sections:

Attachments: 1. Agenda Item, 2. Agreement A-17-644-1 with Pontiac 3 & 5, LLC

Date	Ver.	Action By	Action	Result
7/9/2019	1	Board of Supervisors	Conducted Hearings	Pass

DATE: July 7, 2019

TO: Board of Supervisors

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

SUBJECT: First Amendment to Lease Agreement 17-644

RECOMMENDED ACTION(S):

- Approve and authorize the Chairman to execute First Amendment to Lease Agreement No. 17-644 with Pontiac 3 & 5, LLC, at 200 Pontiac Way, Clovis, CA 93612, for Tenant Improvements, increasing the office space from 23,580 square feet to 95,534 square feet and reducing the warehouse space from 65,227 square feet to 0 square feet, excluding the 9-11 Memorial from the Lease, and Renewing the Lease for one (1) nineteen-year period upon completion of Tenant Improvements, total not to exceed (\$87,786,679).**
- Authorize the Director of Internal Services/Chief Information Officer or his/her representative, to approve and execute Occupancy Notice confirming the building square footage, not to exceed 95,534 square feet, rent schedule, and final tenant improvement amortization schedule.**

Approval of the recommended action will amend the current Lease to create a nineteen-year Lease for 95,534 square feet of office space (\$1.35/square foot, with increases every year) for use by the Department of Social Services (DSS). The Lease maximum for the first year is \$4,307,518, with no increase in Net County Cost. This includes base rent of \$1,547,650.80, plus tenant improvement rent. The total cost for the tenant improvements is not to exceed \$25,974,366.56, which shall be amortized over the Lease term. The recommended Lease Amendment also changes the Lease to exclude the existing 9-11 Memorial from the

Lease, as the lessor desires to utilize that space for public access and memorial ceremonies. This item pertains to a location in District 3.

ALTERNATIVE ACTION(S):

Your Board could direct the Department of Social Services to not renovate the building. However, this would result in an office space which does not meet the long-term operational needs of the Department, and would result in decreased operational efficiencies for the programs and services provided to the residents of Fresno County.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The total cost of the recommended Lease Amendment (\$87,786,679) will be fully offset with State and Federal Social Services Allocations (\$75,498,578), and 2011 Realignment (\$7,982,094) 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 (\$3,844,057), and the required Net County Cost (\$461,950) which offsets the General Relief Program share of cost. Sufficient appropriations have been included in the FY 2019-20 Recommended Budget for the Department of Social Services, Organization 5610, and will be included in subsequent budgets.

DISCUSSION:

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

On December 12, 2017, your Board approved the lease for office space at 200 W. Pontiac Way, Clovis, CA 93612, as this property satisfies the needs and requirements of DSS and its operations. DSS and the property owner engaged in developing plans for renovations to the internal layout of the office space that will make the building operationally functional for long-term use by the Department. All parties have agreed to the building plans and associated renovation costs.

At the conclusion of the renovations, the property will enable DSS to consolidate six (6) metro-Fresno based client service programs into one building, allowing approximately 500 staff to provide services from this location. Programs to be operated from this location include; DSS Call Center, CalWORKs Ongoing, CalWORKs Call Center, Adult Protective Services (APS), Income Eligibility Verification Systems (IEVS), and In-Home Supportive Services (IHSS). The relocation of programs to this location will allow for greater operational efficiencies for staff and clients, as well as increased communication for our staff who support our clients, which will enable the Department to provide higher quality services to the residents of Fresno County.

The recommended Lease Amendment also changes the terms of the Lease to exclude the existing 9-11 Memorial from the Lease premises, as the lessor desires to utilize that space for public access and memorial ceremonies.

The recommended 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, Risk Management has deemed these provisions as acceptable for the purposes of this Triple Net lease. The recommended Lease Amendment also provides that in the event the County terminates the Lease early for any reason, including the failure to appropriate funds, the County must repay to the lessor all unpaid tenant improvement costs within 45 days of the County's termination of the Lease. The total cost for the tenant improvements is not to exceed \$25,974,366.56, which shall be amortized over the Lease term.

REFERENCE MATERIAL:

BAI #45, December 12, 2017

ATTACHMENTS INCLUDED AND/OR ON FILE:

On File with the Clerk - B3 First Amendment

CAO ANALYST:

Ron Alexander