



**General Services Agency
Property Management
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

KUYLER CROCKER
District One
PETE VANDER POEL
District Two
AMY SHUKLIAN
District Three
EDDIE VALERO
District Four
DENNIS TOWNSEND
District Five

AGENDA DATE: April 9, 2019 - **REVISED**

| | | | | |
|---|-----|-------------------------------------|-----|-------------------------------------|
| Public Hearing Required | Yes | <input type="checkbox"/> | N/A | <input checked="" type="checkbox"/> |
| Scheduled Public Hearing w/Clerk | Yes | <input type="checkbox"/> | N/A | <input checked="" type="checkbox"/> |
| Published Notice Required | Yes | <input type="checkbox"/> | N/A | <input checked="" type="checkbox"/> |
| Advertised Published Notice | Yes | <input type="checkbox"/> | N/A | <input checked="" type="checkbox"/> |
| Meet & Confer Required | Yes | <input type="checkbox"/> | N/A | <input checked="" type="checkbox"/> |
| Electronic file(s) has been sent | Yes | <input checked="" type="checkbox"/> | N/A | <input type="checkbox"/> |
| Budget Transfer (Aud 308) attached | Yes | <input type="checkbox"/> | N/A | <input checked="" type="checkbox"/> |
| Personnel Resolution attached | Yes | <input type="checkbox"/> | N/A | <input checked="" type="checkbox"/> |
| Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s) | Yes | <input checked="" type="checkbox"/> | N/A | <input type="checkbox"/> |
| CONTACT PERSON: Maria Benavides PHONE: 205-1124 | | | | |

SUBJECT: Agreement to Lease Real Property located at 3500 W. Mineral King, Ste. C, Visalia

REQUEST(S):

That the Board of Supervisors:

1. Approve a new lease agreement, with County as Lessee, with Hyde Children Family Partnership II, a California Limited Partnership; David G. Hyde, as Trustee for the David G. Hyde Trust (Dated November 6, 2009); and Shelley Hyde, an Individual, to replace Tulare County Lease Agreement No. 22685 for space located at 3500 W. Mineral King, Ste. C, Visalia, for a term of seven years, with a three-year option to extend, at the initial monthly rate of \$10,211.97.
2. Authorize the Chairman to sign the Lease Agreement.
3. Approve Exhibit E, Memorandum of Lease for property located at 3500 W. Mineral King, Ste. C, Visalia.
4. Authorize the Chairman to sign Exhibit E, Memorandum of Lease, subject to review and approval as to form by County Counsel.
5. Authorize the County Administrative Officer or designee to record Exhibit E, Memorandum of Lease, upon execution by the Chairman.

SUMMARY:

Tulare County has leased space at 3500 W. Mineral King, Ste. C, since May 2, 2006 during which time Lease Agreement No. 22685 has been amended at different intervals to satisfy the County's needs. Per the Health and Human Services Agency (HHSA), the lease has been in a month-to-month status since July 2010. HHSA currently occupies and has a continued need for the space. As such, the County and the Lessor wish to enter into a new lease agreement.

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In the proposed lease, tenant improvements include carpeting, interior painting, and conduit and fiber connecting the Creekside building, which consists of 3346, 3348, and 3350 W. Mineral King, and 3500 W. Mineral King, Suites A, B, and C, Visalia. Lessor has complete upgrades, at Lessor cost, to the common area bathrooms, along with construction of an additional bathroom on the west side of the building as reflected in Exhibit D-1 to the Agreement (though such upgrades are captured by the terms of other lease agreements). Lessor has also been working to upgrade parking facilities. Except for the upgrades to the common areas paid for by Lessor pursuant to other agreements, the cost of the tenant improvements at 3350 W. Mineral King, Ste. C, are being amortized over the term of the lease through the increased rent. Should the County reduce its square footage or terminate the proposed lease early due to a reduction in State or Federal funding, a potential lump sum repayment of tenant improvement costs of up to \$75,099.36 may be required at that time. The exact amount will depend on amount space being leased at that time, and the number of months remaining in the original lease.

Though this lease contemplates an initial rent of \$10,441.42 until certain tenant improvements have been made, because the Lessor has completed the improvements during the contract negotiation period, the County will be paying for the full \$10,211.97 rent throughout the term of the Agreement. The rent shall be increased by two percent (2%) annually, on the anniversary date of the lease.

The lease term shall commence upon approval of this lease agreement by the Board, and shall be for seven (7) years with one, three (3) year option for renewal under the same terms and conditions. Because of the length of the Lease, the parties wanted the option of recording a Memorandum of Lease, and have prepared the attached Memorandum of Lease (Exhibit E), also for approval by your Board. Upon approval of the Board, this lease agreement will replace Tulare County Lease Agreement No. 22685.

The County will be responsible for most utilities and services furnished to the premises, including gas, electricity, and phones. Lessor will be responsible for upkeep of landscaping, water, trash, utilities and services furnished to all parking areas.

Deviations from County Protocol

This agreement has been approved as to form by County Counsel, but the following terms summarized below deviate substantively from the standard County boilerplate, and are highlighted for your Board's consideration:

- Multi-year contract: Initial term is 7 years, with a 3-year option to extend
- Lessor requires indemnification of negligent or intentionally wrongful acts or omissions of the County and its officer's agents, employees, or contractors, which will continue beyond the term of the Lease
- Because this is a lease for a specified term, no 30-day right to cancel without cause

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- County can cancel lease for loss of funding, with 90 days' notice to Lessor

FISCAL IMPACT/FINANCING:

Lease costs are \$10,211.97 per month (\$1.77 per sq. ft.) for the 5,768 square feet of office space. The County is responsible for utilities, telephone, and interior janitorial. The Lessor will provide all exterior and common area maintenance of the premises.

| | | |
|----------------------|-------------------|--------|
| Budget Account Line: | 001-142-4030-4062 | 8.00% |
| | 001-142-4062-4062 | 36.00% |
| | 001-142-4063-4062 | 56.00% |

Funding sources will be through State, Federal, and County allocations. There are no anticipated net costs to the General Fund. Should the County terminate the proposed lease early due to reduced State or Federal funding, County shall reimburse Lessor a one-time lump sum payment at a cost of fifteen and one-half cents (\$0.155) per rentable square foot of the Premises multiplied by the total number of full months remaining in the original seven (7) year lease term. There is a potential maximum lump sum repayment of tenant improvement cost of \$75,099.36 that may be required should the County terminate the proposed lease.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

The County's Strategic Business Plan includes the Quality of Life Initiative to promote public health and welfare. Board approval of the lease agreement will help fulfill this initiative by ensuring supportive services for Health and Human Services clients located in Tulare County.

ADMINISTRATIVE SIGN-OFF:



Laura Silva
General Services Manager

cc: County Administrative Office

Attachment(s) Lease Agreements

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF AGREEMENT TO)
LEASE REAL PROPERTY LOCATED AT) Resolution No. _____
3500 W. MINERAL KING, STE. C, VISALIA) Agreement No. _____
)

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD _____
_____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: JASON T. BRITT
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

* * * * *

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