



**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:** December 17, 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:** Probation and HHSA Design, Alteration, and Lease Agreement

**REQUEST(S):**

That the Board of Supervisors:

1. Approve a Design, Alteration, and Lease Agreement with Center Drive Partners, L.P., for premises located at 3247 W. Noble Ave., in Visalia, for a term of 25 years, with three five-year options for renewal, and an annual rental amount of \$1,434,697 for the first year with a 2% annual increase.
2. Authorize the Chairman to sign the Agreement.
3. Authorize the Chairman to sign the Memorandum of Lease, subject to review and approval as to form by County Counsel.

**SUMMARY:**

The Probation Department has outgrown its 25,549 square feet of office space in Visalia and has identified the need to consolidate staff into a single location that offers improved functionality for the department and improved accessibility and service to customers.

The department currently occupies space at the Visalia Courthouse, and in two leased facilities on Fairway and Center streets in Visalia. The lease at Fairway will expire in January 2020 and the landlord has indicated that renewal is an option. The lease at Center, however, will expire in August 2020 and there will be no option to renew. In August 2018, the County sold the Center street building together with the 1930s Historic County Courthouse to a developer who is converting the property into a boutique hotel and anticipates utilizing Probation's current space as part of its

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operation.

Over the past year, staff have explored several options for Probation's current and future space needs, including purchasing an existing building, constructing a new building on County-owned property, and continuing to lease space at various locations. While initial property searches were unable to identify viable options to accommodate the business and square footage needs of a consolidated Probation, recent interest expressed by the Health and Human Services Agency (HHSA) in co-locating Mental Health services near the Probation office allowed staff to expand the scope of the search to include the acquisition of larger facilities. The proposed Design, Alteration, and Lease Agreement is a result of these efforts.

Center Drive Partners, L.P., a partnership that includes local developer Sunny Basra and Orange County-based Paynter Realty & Investments, Inc., has proposed to design, alter, and lease to the County the former Kmart building located at 3247 W. Noble Ave., in Visalia. The building is situated in close proximity to the County Civic Center, is accessible by public transportation, and can accommodate the growing space needs of the Probation Department.

The proposal includes the design and alteration of 85,500 square feet of office space for exclusive County use, and exclusive use of a secured parking lot adjacent to the east side of the building. The proposal also includes County exclusive use of a large outdoor patio (the square footage of which is not included in the 85,500 square feet figure), which staff anticipate using as a break area.

The proposed lease has an initial term of 25 years with three five-year options for renewal, and includes the option to purchase the building after five years at a "floor fair market value" equivalent to the appraised value of the building at the time of purchase. This purchase option provides the County an opportunity to acquire the building as soon as five years after lease execution, which could result in substantial savings of the life of the project.

For the first five years of the lease, the County will only be obliged to pay rent on 64,626 square feet and the remaining 20,874 square feet will remain unoccupied but available to the County at the current rental rate, should it choose to utilize the space. At year six, if the County does not purchase the building, the County will be obliged to start paying rent for the remaining 20,874 square feet at the current rental rate.

Base rent is proposed at \$106,633 (\$1.65 per square foot) per month and there will be a separate fixed common area maintenance (CAMs) charge of \$12,925 (\$0.20 per square foot) per month, for a total rent of \$119,558 per month. Both base rent and CAMs will increase by 2% annually. The CAMs charge will be reconciled against actual expenditures annually, and the owner will reimburse the County for any overpayment amounts, less \$0.05 per square foot, which will be placed in an "Operating Expense Reserve" that will fund any major repair or equipment replacement during the term of the lease.

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The proposed lease also includes a \$718,200 "Replacement Reserve" that will be funded by the Lessor to complete interior renovations on three occasions: 1) within 90 days of the beginning of year 15 of the lease term, 2) within six months after County's extension of the 1st option, and 3) within six months after County's extension of the 3rd option. The County will have sole discretion in the nature of renovation completed using the Replacement Reserve on all three occasions.

Upon execution, Center Drive Partners, L.P. will have 90 days to secure financing for the project and 120 days to finalize building plans with the County. Upon finalization of plans and receipt of building permits, the developer will complete the construction of the building within 240 days, and it is anticipated that the County will move into the completed building by August 2020. Rental payments will commence on the first day of the first full month after the County takes possession of the building.

The proposed agreement has been approved as to form by County Counsel. The deviations from the County contract protocol are:

1. Mutual Indemnification and defense included.

**FISCAL IMPACT/FINANCING:**

The increased square footage will result in a significant rental increase for County. Rental payments will total \$1,434,697 for the first year and increase 2% annually. The total rental payment, including CAMs, will increase the County's annual rental payment by \$1,108,191 (339%) in the first fiscal year. This increase is due, in large part, to the increased square footage from 25,549 to 64,626 (153%), which will provide suitable space for Probation and HHS growth for many years to come.

It is anticipated that approximately 45% of the annual rental payment will be funded by HHS and Probation subvented program dollars, and the remaining 55% (approximately \$789,083) will be funded by existing budget allocations provided to both departments. Both Departments are committing to the financial obligation of this lease agreement without any additional monies from the General Fund at this time or in the future.

Additionally, the County will be responsible for installing all furniture, fixtures and equipment (FFE) associated with the proposed space. This one-time cost will likely be incurred in fiscal year 2020/21, and is estimated at approximately \$1.8 million. Funds are currently available to cover the costs of FFE for the Probation Department.

**LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:**

The County's Strategic Business Plan includes the Organizational Performance initiative. The Board's approval of the proposed agreement enhances the organizational effectiveness of occupying departments by ensuring they have the necessary functional spaces to achieve their mission and serve their customers.

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**ADMINISTRATIVE SIGN-OFF:**



Brooke Sisk  
General Services Agency Assistant Director

cc: County Administrative Office

Attachment(s)

A - Exhibit 1 – Vicinity Map

B - Agreement

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

IN THE MATTER OF PROBATION AND )  
HHSA DESIGN, ALTERATION, AND ) Resolution No. \_\_\_\_\_  
LEASE AGREEMENT ) 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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# Exhibit 1

## Vicinity Map

