



General Services Agency

COUNTY OF TULARE AGENDA ITEM

BOARD OF SUPERVISORS

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District One

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District Two

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District Three

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District Four

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District Five

AGENDA DATE: May 9, 2023- **REVISED**

Public Hearing Required	N/A
Scheduled Public Hearing w/Clerk	N/A
Published Notice Required	N/A
Advertised Published Notice	N/A
Meet & Confer Required	N/A
Budget Transfer (Aud 308) attached	N/A
Personnel Resolution attached	N/A
Agreement(s) attached	Yes

CONTACT PERSON: Maria Benavides-Lopez PHONE: 5592051124

SUBJECT: Amendment to Lease Agreement No. 28380

REQUEST(S):

That the Board of Supervisors:

1. Approve an Amendment to Lease Agreement No. 28380 for space located at 8040 W. Doe Ave., Visalia, CA for County's use as Lessee, with Guillon, Inc. a California Corporation, as Lessor, retroactive to May 1, 2023. This agreement is retroactive due to the time necessary to negotiate the new amendment.
2. Find that the Board had the authority to enter the proposed amendment on May 1, 2023, and that it was in the County's best interest to do so.
3. Authorize the Chair to sign the Amendment to Lease Agreement

The County entered into Tulare County Agreement No. 16693 on June 23, 1992, for the lease of office and warehouse space at 8040 W. Doe Ave., in the City of Visalia, County of Tulare, as the Lessee, from Oates Business Park-Visalia, Guillon, Inc.'s predecessor in interest, the Lessor. A vicinity map of the site is attached to this Agenda Item as Exhibit 1. The initial agreement called for the lease of 39,200 sq ft of office space for the District Attorney Family Support Division, now referred to as the Department of Child Support Services (DCSS), and 28,420 sq ft of warehouse space for the Health and Human Services Agency (HHSA) for a term of ten (10) years upon completion of improvements to the space. The term commenced on November 1, 1992.

The lease was subsequently amended, Amendments A to M, the majority of which covered annual prepayments of rents and janitorial services. Amendment 16693-E, entered into on December 7, 1999, called for the addition of 400 sq ft of office space and 5,480 sq ft of storage space to DCSS's portion of the Premises for a total leased space of 45,080 sq ft. On April 8, 2008, Amendment 16693-M was entered into to transfer HHSA's leased space, 28,420 sq ft to Tulare County Agreement No. 23478. Amendment 16693-M also called for the term to be extended seven (7) years, terminating on April 30,

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2015.

The lease entered a month-to-month status on May 1, 2015. On October 31, 2017, the Board approved a new lease agreement for DCSS's space, Tulare County Agreement No. 28380, effective November 1, 2017. In exchange for certain deferred maintenance items and tenant improvements to be constructed and completed by Lessor at Lessor's cost, the County agreed to a term of seven (7) years with one (1), five (5) year option to renew, and a base rental increase of \$0.07 per sq ft.

In FY 2020/21, DCSS's state and federal funding was significantly reduced and DCSS determined it would need to reduce its footprint and proportionately reduce its rent. On July 16, 2021, pursuant to Paragraph 14.18 of the Lease Agreement (Loss of Funding), DCSS reduced its rentable space from 45,080 sq ft to 26,022 sq ft and reduced its base rent accordingly from \$70,454.31 to \$41,137.94 per month.

The Lessor disputed whether DCSS's federal and state funding was reduced significantly enough for DCSS to invoke Paragraph 14.18 and reduce its space and rent and subsequently filed suit against the County on March 17, 2022.

In order to resolve the lawsuit, the County and Lessor have agreed to amend or add the following terms to the lease: (a) extend the term of the lease twelve (12) years; (b) decrease the monthly base rent to \$60,000; (c) update the wording of Paragraph 14.18; and (d) include an option for County to purchase the property immediately after execution of the proposed amendment, with the First Amendment subject to termination if Lessor fails to deliver clear title of the property to County by January 5, 2024.

Simultaneously, as part of the settlement of the lawsuit, the County and Lessor are entering into a separate agreement for the County to purchase and the Lessor to sell the entire property to the County for continued use by DCSS and HHSA, with additional space available to use by other tenants. Upon closing of escrow, which is to take place on or before January 5, 2024, the Lease Agreement, as amended by the First Amendment, and HHSA's separate lease, will terminate.

This agreement has been approved as to form by County Counsel. The following terms deviate substantively from the standard County boilerplate:

The County and Lessor have agreed to modified and expanded language of Loss of Funding terms, including but not limited to, review of reduced fundings by both parties and dispute resolution procedures.

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FISCAL IMPACT/FINANCING:

Lease costs are \$60,000 per month (\$720,000 annually), subject to an annual increase based on CPI, or 4%, whichever is less. The County will be responsible for all utilities, custodial, and telephone costs to the Premises. The Lessor will provide all building maintenance and grounds keeping services to the site. Lease costs will be paid using state and federal funding sources from budget account line 016-101-2200-7062. There is No Net County Cost to the General Fund.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

The County's Strategic Business Plan included the Quality of Life Initiative to promote a better quality of life to its citizens. Board approval of the Lease Agreement will help fulfill this initiative by ensuring supportive services for the Department of Child Support Services clients located in Tulare County.

ADMINISTRATIVE SIGN-OFF:

/s/Brooke Sisk

Brooke Sisk
General Services Agency Director

Cc: County Administrative Office

Attachments: Exhibit 1 – Vicinity Map
First Amendment to Lease Agreement No. 28380