



Solano County

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Fairfield, California 94533
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Legislation Text

File #: 18-738, Version: 1

Approve the First Amendment to the Lease Agreement with the Judicial Council of California for approximately 11,460 square feet of County owned office space located at the Hall of Justice at 550-600 Union Avenue in Fairfield, for a 5 year term commencing June 1, 2018 and expiring May 31, 2023, at an initial rate of \$22,959 per month with annual rent increases thereafter; and Authorize the County Administrator to execute the amendment and any necessary, subsequent modifications or amendments

Published Notice Required? Yes ☐ No ☒
Public Hearing Required? Yes ☐ No ☒

DEPARTMENTAL RECOMMENDATION:

The Department of General Services recommends that the Board of Supervisors:

1. Approve the First Amendment to Lease Agreement with the Judicial Council of California for approximately 11,460 square feet of County owned office space located at the Hall of Justice at 550-600 Union Avenue in Fairfield for a five year term commencing June 1, 2018 and expiring May 31, 2023 at initial rate of \$22,959 per month with annual rent increases thereafter; and
2. Authorize the County Administrator to execute the amendment and any necessary, subsequent modifications or amendments.

SUMMARY:

The proposed lease amendment (Attachment A - First Amendment to Lease Agreement) extends the lease term for five years, commencing on June 1, 2018 and expiring on May 31, 2023. Monthly rent payments are \$22,959 (the same as the prior year) through the first year of the extended term, then increase annually by \$573 per month (roughly 2.5%). The monthly rent payment of \$22,959 equates to \$2.00 per square foot, which is at the top of the fair market rent range for comparable office space in Fairfield. The proposed lease amendment contains no other changes from the prior lease agreement (Attachment B - Lease Agreement).

FINANCIAL IMPACT:

Approval of the amendment will generate \$276,081 in anticipated revenue for FY2018/19. Overall, \$1,446,302 will be generated over the five-year term. Responsibilities for costs associated with the space will remain unchanged in accordance with the Joint Occupancy Agreement between the Judicial Council of California and the County. The costs associated with preparing the agenda item are nominal and absorbed by the department's FY2018/19 Adopted Budget.

DISCUSSION:

On May 27, 2007, the County entered into Transfer Agreements and Joint Occupancy Agreements with the Judicial Council of California (JCC) for the Hall of Justice (HOJ) and Law & Justice Facility in Fairfield, and the Solano Justice Center in Vallejo. The County's equity interest in the HOJ building is 25,472 square feet of exclusive space and the JCC's equity interest is 65,932 square feet of exclusive space. There is also 19,744 square feet of Common Area space. In accordance with the Transfer Agreements, the JCC became the

managing party of the HOJ in July 2009, thus transferring responsibility for the overall well-being of the HOJ from the County to the JCC.

The JCC has leased approximately 11,460 square feet of the County's 27.18% interest since June 2008. This area is located on the first floor of the HOJ. The lease expired on May 31, 2018; however, the JCC has continued to lease the space on a month-to-month basis as negotiations and approvals are being finalized. In addition to this lease, the JCC also leases 4,437 square feet of County-exclusive space on the third floor of the HOJ for the Court Executive Office.

The non-profit organization Court Appointed Special Advocates (CASA) occupies 1,560 square feet of County-exclusive space and the Law Library occupies another 2,544 square feet. Apart from the Law Library, which is staffed by County employees under a separate legal agreement, there are no longer any County programs located in the building and there is no identified County use for the space occupied by the JCC. The JCC is the most compatible tenant for the space and no additional tenant improvement modifications are necessary.

ALTERNATIVES:

1. The Board could choose to approve the First Amendment to Lease Agreement with modifications. This alternative is not recommended as fair lease terms have been successfully negotiated and any changes will be subject to acceptance by the JCC.
2. The Board could choose not to approve the First Amendment to Lease Agreement. This alternative is not recommended as approval of the amendment provides a revenue stream to the County for the next five years for otherwise underutilized County-owned space.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the First Amendment to Lease Agreement for legal sufficiency.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION