

**MEMORANDUM
DEPARTMENT OF FACILITY SERVICES
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **APRIL 3, 2007**

From: ~~JD~~ **JAMES DURFEE / MARY DIETRICH** *MD*

Subject: **RECORDS MANAGEMENT WAREHOUSE LEASE**

ACTION REQUESTED / RECOMMENDATION: Based on the Material Terms attached hereto, authorize Facility Services to complete negotiations for a new lease agreement between the County of Placer and Cagle Properties, LLC for the Records Management Warehouse located at 1765-1795 Industrial Drive, Auburn, CA; and authorize the Director of Facility Services to execute the Lease Agreement on behalf of your Board following its approval by County Counsel.

BACKGROUND: Since 1997, the Administrative Services Department has operated its records management warehouse at the Kemper Business Park, within space that is leased from Cagle Properties, LLC. This program is currently housed in four units totaling 7,800 square feet. Three of these units are contiguous within the same building and one is located on another street in the business park (Exhibit B). As the Records Management program has expanded over time, the units are leased through three separate agreements.

In January 2007, the landlord offered Administrative Services the opportunity to exchange the remote unit for a new space that is 600 square feet larger and located adjacent to the three contiguous units (Exhibit C). The Property Management Division subsequently negotiated the attached Material Terms (Exhibit A), which includes provisions to vacate the remote unit, initiate occupancy of the new unit, and consolidate the current agreements into a single lease document. This new arrangement results in significant operational efficiencies through proximate warehouse adjacencies and provides space for continued growth.

In order to consolidate the Records Management operation, staff requests that your Board authorize staff to complete the Lease Agreement and allow the Director of Facility Services to execute the Lease Agreement following its approval by County Counsel.

ENVIRONMENTAL CLEARANCE: The lease of this facility is Categorically Exempt from review pursuant to Section 15301(e)(1) of the California Environmental Quality Act. This Section provides for the increase of a leased area by no more than 50 percent, or 2,500 square feet (whichever is less), and the proposed 600 square foot increase is less than 8 percent of the original lease area.

FISCAL IMPACT: The combined rent and building operating costs for the three contiguous warehouse units and the one new unit will commence at \$4,836 per month (including \$4,332 for base rent and \$504 for operating expenses), or \$58,032 annually. The total initial cost increase for this new agreement will be approximately \$446 monthly or \$5,352 annually. Funding for this amount is available in the Administrative Services Department 2006/2007 Budget.

JD:MD:MR:KJ

ATTACHMENTS: EXHIBIT A – MATERIAL TERMS OF LEASE AGREEMENT
EXHIBIT B – KEMPER BUSINESS PARK
EXHIBIT C – PREMISES

cc: COUNTY EXECUTIVE OFFICE
ADMINISTRATIVE SERVICES

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EXHIBIT A

MATERIAL TERMS OF LEASE AGREEMENT

1. Landlord. Cagle Properties, LLC, a California limited liability corporation.
2. Tenant. County of Placer, Administrative Services Department.
3. Purpose. Establish a new warehouse lease for the Administrative Services Department - Central Services Division, which provides 800 square feet of additional records management space, consolidates existing storage space and lease agreements into one, and due to warehouse adjacency, accommodates operational efficiencies (Attachment).
4. Termination of Existing Agreements. Upon commencement of the new lease agreement, the existing lease number 11081 for 1,800 square feet of warehouse space in unit 4, building "H", located at 1800 Industrial Drive shall be terminated and County shall relocate its fixtures and materials into the new premises. Additionally, upon commencement of the new lease agreement, leases numbered 11551 and 11081, units 2 through 4, building "G", located at 1765/1775 and 1785 Industrial Drive respectively, shall be terminated as these locations will be consolidated under the new agreement.
5. Leased Premises. 8,400 square feet of warehouse space, units 2 – 5, Building "G", 1765/1775/1785/1795 Industrial Drive, located within the Kemper Business Park in Auburn, CA:
 - a. Existing – 6,000 square feet of contiguous warehouse space, units 2 through 4, Building "G".
 - b. New – 2,400 square feet of warehouse space, unit 5, Building "G".
5. Term. Commencing May 1, 2007, five years initial term with (two) five-year options to renew.
6. Rate. \$4,332 initial monthly base rent.
7. CPI Increase. Upon the 1st through 4th anniversary of the lease agreement, base rent will be increased by 4% annually; thereafter base rent increases will be calculated utilizing the CPI index.
7. Operating Expenses. Initially \$0.06 per square foot per month and reconciled annually.
8. Initial Lease Payment. Due on May 1, 2007.

EXHIBIT A

9. Security Deposit. Typically equal to the first month's rent, in this case \$4,332, and due upon Lease Commencement, will be reduced to \$1,500 so that County deposits on account for the terminated lease agreements can cover the amount, and no additional deposits will be required.
10. Landlord Improvements. Upon receipt of approved lease by April 15, 2007, landlord shall conduct tenant improvements to include paint, flooring and lighting in preparation for County occupancy May 1, 2007.

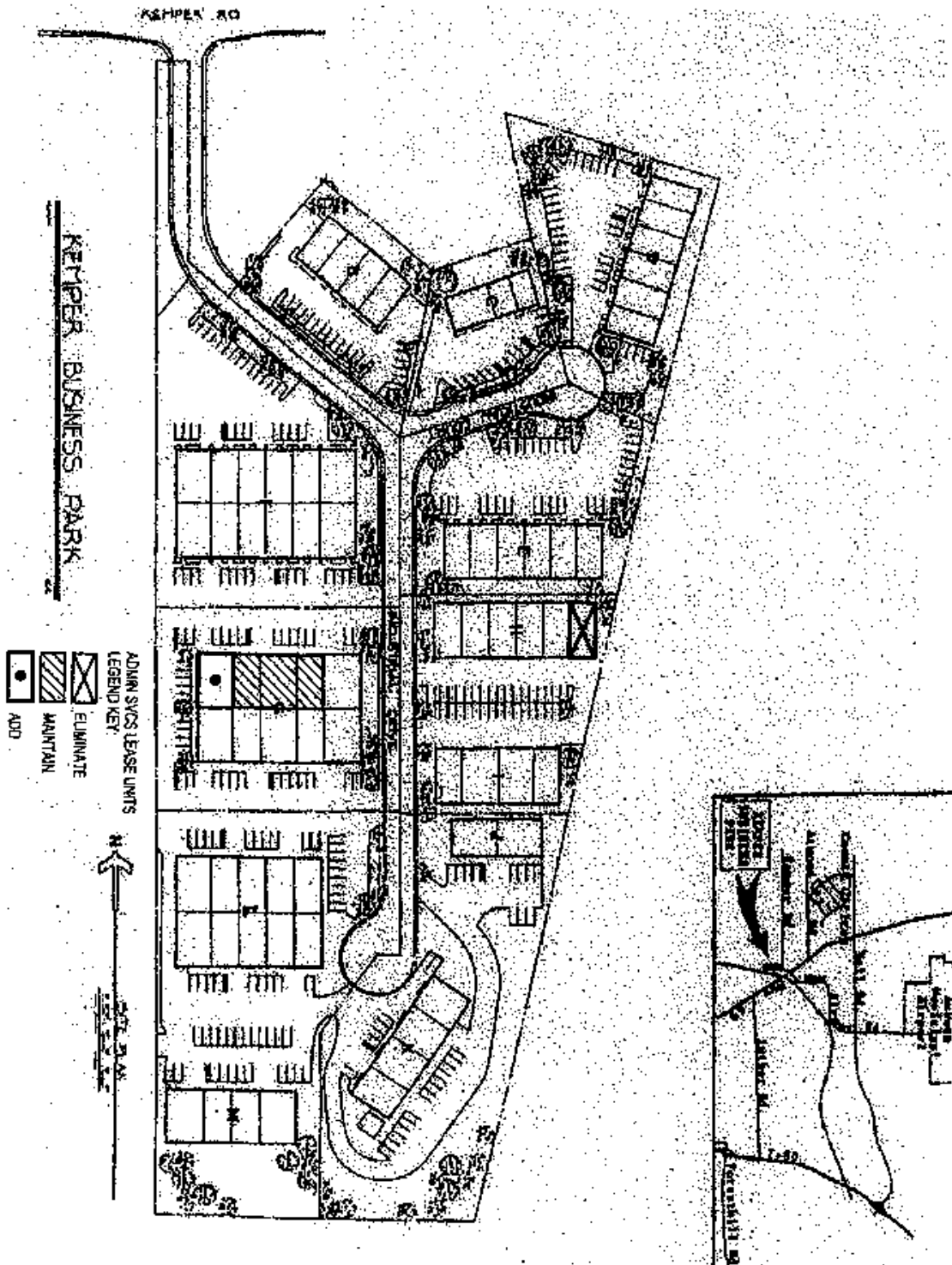
Landlord agrees to accept these Material Terms. Any further negotiations shall be subject to the approval of the Placer County Board of Supervisors or its designee.

LANDLORD:

By: Karen Cagle Smith Date: 3.23.07
Karen Cagle-Smith, Manager
Cagle Properties, LLC

KEMPER BUSINESS PARK

Warehouse Lease Locations: Current and Proposed



PREMISES

1765-1795 Industrial Avenue, Building "G": Units 2 - 4 Existing; Unit 5 Proposed.

