



**Agenda Item No. 5  
July 3, 2013 Meeting**

**DATE:** June 18, 2013

**TO:** Children and Families Commission of Orange County

**FROM:** Christina Altmayer, Executive Director

A handwritten signature in black ink that reads "Christina Altmayer".

**SUBJECT:** Approval of Proposed Office Lease

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**SUMMARY:**

The FY 2013/14 Business Plan identified the reduction in administrative costs as one of the key priorities for the upcoming fiscal year. As tobacco tax revenue continues to decline, the Commission will need to be increasingly cost conscious and efficient to stay within the 10 percent administrative cap on the annual budget. This agenda item requests Commission authorization to enter into a new agreement for office space effective October 1, 2013 to achieve a three-year total savings of approximately \$357,000 as compared to the current lease rates. The Commission will relocate its office to The Village at 17<sup>th</sup> Street, a multi-tenant nonprofit center located in Santa Ana.

**BACKGROUND:**

**Current Lease Arrangement**

Since 2001, the Commission has occupied its current location at 17320 Redhill Avenue, Irvine. The current lease, set to terminate September 30, 2014, provides for 9,390 square feet at a monthly rate at \$1.75 per square foot. In January 2013, notice was given to the property owner that the Commission would exercise the early termination provision of the lease, effective October 15, 2013. Given the reduction in staffing and the need to reduce cost, staff began exploring options to reduce the total square footage and the monthly lease costs.

Working with a representative from the Orange County Office of Real Estate, staff has explored multiple options with the following priorities:

- Reduction in space to approximately 4,500 to 5,000 total square feet
- Central access to Commission-supported programs and partners
- Reduced monthly lease costs.

After reviewing several options, Commission staff narrowed the selection to two options as shown on Attachment 1.

**Background on The Village at 17<sup>th</sup> Street**

**Commissioners**

**Executive Director**

Commission staff recommends a three-year lease agreement with The Village at 17<sup>th</sup> Street, the first nonprofit center in the County. The Village officially opened in October 2010 and currently hosts about 20 different nonprofit entities, several of whom are Commission-supported grantees.

In addition to cost savings highlighted on Attachment 1, The Village provides several additional benefits to the Commission:

- Alignment of mission– The Village was created as project funded by the Orange County Shared Spaces Foundation. Major funders of the Foundation include several of the Commission’s funding partners including the Podlich Family Fund, Nancy and William Thompson Family Foundation, Pacific Life Foundation, Orange County Community Foundation and others. The mission of Orange County Shared Spaces is to develop quality, affordable, and stable multi-tenant nonprofit centers that strengthen Orange County's nonprofit organizations. This focus on strengthening the non-profit sectors aligns well with the Commission’s priority on building the capacity of agencies serving the 0-5 population.
- Access to no-cost common area resources, available through the concierge, including:
  - Board meeting room
  - Training room with pantry
  - Lunch room
  - Day office cubicles for guest visitors
  - Small conference rooms
  - Concierge reception
- Access to no-cost training resources –All tenant employees have access to free “Village Lunch & Learn” training sessions specifically tailored to working in the non-profit sector.
- Central location to Commission funded programs – The proposed location in Santa Ana will provide easier access to funded programs in central Orange County while not significantly negatively impacting programs in south County. Additionally, the central location will make it easier for staff proximity to regularly interact with the County employees as well as funded programs co-located at The Village.

### **Proposed Lease Terms**

Attachment 2 presents the proposed terms for a three-year lease at The Village at a monthly rate \$1.35 per square foot for 4,235 square feet. This represents an annualized reduction in lease costs of \$129,000 over the current lease, after the first year one-time tenant improvement costs. Pending Commission direction, staff will work with Commission counsel to execute a lease agreement consistent with Attachment 2.

### **STRATEGIC PLAN & FISCAL SUMMARY:**

This agenda item is consistent with the FY 2013/14 approved budget and will result in a one-time savings of \$83,714, over the approved budget. Additional savings will be reflected in the

FY 2014/15 and FY 2015/16 budget. Some of the savings, approximately \$5,000, will be offset with one-time costs associated with the move.

**PRIOR COMMISSION ACTIONS:**

- April 2013 - FY 2013/14 Business Plan and Proposed Budget

**RECOMMENDED ACTION:**

Authorize the Executive Director to enter into an agreement with the Orange County Shared Spaces Foundation, for a three-year lease effective October 1, 2013 consistent with the terms and conditions outlined in this agenda item.

**ATTACHMENTS:**

1. Lease Cost Comparative Analysis
2. Proposed Term Sheet Commission Office Space
3. Resolution for Lease Agreement

**Contact:** Christina Altmayer

### Lease Cost Comparative Analysis

#### Early Termination Costs

Termination Effective Date	10/1/2013
Remaining Months on Lease	11
Monthly Lease Penalty	657
Lease Termination Costs	\$ 7,227

Lease Options	Current Lease	Option 1: The Village at 17th Street 3 years	Option 2: 400 North Tustin 3 years	Option 1 over Option 2
Term of lease without exit penalty				
Square Footage	9,390	4,235	5,452	(1,217)
One Time TI Costs		\$ 22,000	0	\$ 22,000
Current Rate	\$ 1.75			
<b>Current Annual Costs</b>	<b>\$ 197,190</b>			
Year 1 Rate		\$ 1.35	\$ 1.51	(0.16)
Year 2 Rate		\$ 1.35	\$ 1.51	
Year 3 Rate		\$ 1.35	\$ 1.51	
Year 1 Costs (including TI)		\$ 90,607	\$ 98,790	\$ (8,183)
Year 2 Costs		\$ 68,607	\$ 98,790	\$ (30,183)
Year 3 Costs		\$ 68,607	\$ 98,790	\$ (30,183)
<b>Total 3 Year Costs</b>		<b>\$ 227,821</b>	<b>\$ 296,371</b>	<b>\$ (68,550)</b>
Current Annual Lease Payment		\$ 197,190	\$ 197,190	
Year 1 Savings (net of termination costs and TI)		\$ (99,356)	\$ (91,173)	
Year 2 Savings over current lease		\$ (128,583)	\$ (98,400)	
Year 3 Savings over current lease		\$ (128,583)	\$ (98,400)	
<b>Three Year Lease Savings</b>		<b>\$ (356,522)</b>	<b>\$ (287,972)</b>	<b>\$ (68,550)</b>

**Proposed Term Sheet  
Commission Office Space**

Lease Date	October 1, 2013
Lessor	Orange County Shared Spaces Foundation
Location	“The Village at 17 <sup>th</sup> Street”, 1505 East 17 <sup>th</sup> Street, Santa Ana, CA 92705
Total Square Footage	Approximately 4,235 net rentable square feet
Lease Term	October 1, 2013 – September 30, 2016
Rate	<ul style="list-style-type: none"> <li>- \$1.35 per net rentable square foot per month (\$5,717.25)</li> <li>- Subject only to rent increases for Common Area Maintenance as established and which may be applied for lease terms extending beyond two years.</li> <li>- No brokerage fees</li> </ul>
Agreed Use	General office and administrative activities
Common Access Space	Lease includes access to the following common areas: Conference Center Suite including a Board style meeting room, a training room with pantry, lunch room, day office cubicles for guest visitors, small conference room, and concierge reception.
Tenant Improvements (Lessor Provided)	Building standard walls, doors, carpet, new window blinds at exterior windows, with lighting and HVAC systems revised or renovated to accommodate the proposed layout. Lessor will make provisions for tel/com systems at designated work stations, to accommodate system and tel/com equipment installation by Lessee.
Tenant Improvements (Commission Cost)	Target is to limit cost of requested Tenant Improvements to \$20,000 with a not to exceed of \$22,000. Lessee agrees to provide the agreed extra Tenant Improvement reimbursement in full within 10 days following lease execution and prior to commencing construction of those improvements.
Parking	General parking available at 18 <sup>th</sup> Street entry. No assigned parking.
Other	Access to monthly lunch time training services

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**

**RESOLUTION NO. \_\_\_-13-C&FC**

**July 3, 2013**

**A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE EXECUTIVE DIRECTOR AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE THE FINAL FORM OF A LEASE AGREEMENT WITH THE ORANGE COUNTY SHARED SPACES FOUNDATION FOR COMMISSION OFFICE SPACE; AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AGREEMENT ON BEHALF OF THE COMMISSION**

**WHEREAS**, in order to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development, the legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, *et seq.* (as amended, the “Act”) implementing the Children and Families First Initiative passed by the California electorate in November, 1998 and establishing the California Children and Families Commission and County Children and Families Commissions, including this Children and Families Commission of Orange County (“Commission”); and

**WHEREAS**, Commission adopted its Strategic Plan to define how funds authorized under the Act and allocated to the Commission should best be used to meet the critical needs of Orange County’s children prenatal to five years of age as codified in the Act; and

**WHEREAS**, Commission desires to authorize the Executive Director and Commission Counsel to prepare and negotiate a three (3) year lease agreement for Commission office space with the Orange County Shared Spaces Foundation, in a total amount not to exceed \$250,000, beginning on or about October 1, 2013; and

**WHEREAS**, Commission has reviewed the staff report relating to the proposed terms and conditions of the lease agreement for Commission office space and hereby finds and determines that the proposed lease agreement is in furtherance of and consistent with the Commission’s Strategic Plan; and

**WHEREAS**, Commission desires to authorize the Commission Chair and Commission Clerk to enter into a three (3) year lease agreement for Commission office space with the Orange County Shared Spaces Foundation, in a total amount not to exceed \$250,000, beginning on or about October 1, 2013.

**NOW, THEREFORE BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:**

**Section 1** Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

**Section 2** Commission authorizes the Executive Director and Commission Counsel to prepare and negotiate the terms, conditions and final form of a three (3) year lease agreement for Commission office space with the Orange County Shared Spaces Foundation, in a total amount not to exceed \$250,000, beginning on or about October 1, 2013, consistent with the staff report for this Agenda Item and the proposed term sheet for Commission office space attached thereto as Attachment 2.

**Section 3** The form of the final three (3) year lease agreement for Commission office space with the Orange County Shared Spaces Foundation shall be reviewed and approved by the Executive Director. The approval by the Executive Director of the lease agreement shall be conclusively evidenced by the execution and delivery of the lease agreement by the Commission Chair to the Commission Clerk.

**Section 4** Commission hereby approves the three (3) year lease agreement with the Orange County Shared Spaces Foundation for Commission office space, as specified in the July 3, 2013 staff report for this Agenda Item and the proposed term sheet for Commission office space attached thereto as Attachment 2.

**Section 5** The Commission Chair and the Clerk of the Commission are hereby authorized to execute and attest, respectively, the lease agreement on behalf of the Commission.

**Section 6** A copy of the final lease agreement with the Orange County Shared Spaces Foundation, when executed by the Commission Chair and attested by the Clerk of the Commission, shall be appended hereto as a part of Exhibit A to this Resolution. Exhibit A is hereby fully incorporated as a part of this Resolution by this reference and made a part hereof. The final executed lease agreement shall be placed on file in the office of the Clerk of the Commission.

**Section 7** In addition to the authorization of Section 2 above, the Executive Director (or his designee) is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the lease agreement, (ii) to cause the issuance of warrants, (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such agreement, and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement in the furtherance thereof.

**Section 8** The Clerk of the Commission shall certify to the adoption of this Resolution.

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on July 3, 2013 to wit:

AYES Commissioners: \_\_\_\_\_

NOES: Commissioner(s): \_\_\_\_\_

EXCUSED: Commissioner(s): \_\_\_\_\_

ABSTAINED: Commissioner(s) \_\_\_\_\_

\_\_\_\_\_  
CHAIR

STATE OF CALIFORNIA)  
 )  
COUNTY OF ORANGE )

I, Susan Novak, Clerk of the Commission of Orange County, California, hereby certify that a copy of this document has been delivered to the Chair of the Commission and that the above and foregoing Resolution was duly and regularly adopted by the Children and Families Commission of Orange County.

**IN WITNESS WHEREOF**, I have hereto set my hand and seal.

\_\_\_\_\_  
Susan Novak  
Clerk of the Commission, Children and Families Commission of  
Orange County, County of Orange, State of California

Resolution No: \_\_-13-C&FC

Agenda Date: July 3, 2013

Item No.



I certify that the foregoing is a true and correct copy of the Resolution adopted by the

Susan Novak, Clerk of the Commission

By: \_\_\_\_\_  
Deputy

**EXHIBIT A TO RESOLUTION OF COMMISSION**

(Attach copy of final lease agreement with the Orange County Shared Spaces Foundation)