




Agenda Date: March 19, 2020  
Agenda Placement: Admin  
Estimated Time: N/A  
Continued Item: No

## Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer 

CONTACT: Kristina Aguilar, Administrative Manager, (805) 961-8813

SUBJECT: Fiscal Year 2019-20 Budget Amendment for Office Space Reconfiguration

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### RECOMMENDATION:

1. Authorize the following budget amendments:
  - a. Transfer appropriations of \$25,000 from Services & Supplies Account #7460 (Professional and Special Services) to Capital Assets #8300 (Equipment); and
  - b. Establish appropriations of \$375,000 from Purpose of Fund Account #9899 (Fund Balance – Committed); and
  - c. Increase appropriations of Capital Assets Account #8300 (Equipment) by an additional \$400,000, for a total budget of \$543,000.
2. Delegate authority to the Air Pollution Control Officer to sign or execute a contract with SmartOffice Interiors for the office reconfiguration services, for an amount not to exceed \$255,000.

### DISCUSSION:

In an effort to continue with the District's long-range fiscal goals, which were included in the Fiscal Year (FY) 2018-19 Budget, adopted by your Board in June of 2018, the Air Pollution Control Officer and staff reviewed the office space that the District occupies. Based on the District's current staffing levels of 36 FTEs, it seemed feasible that an office reconfiguration in

the District's Santa Barbara office (located at 260 North San Antonio Road, Suite A, Santa Barbara, CA), where space could be relinquished back to the County, was something that should be researched and considered. In the District's FY 2019-20 Budget, that was approved by your Board on June 20, 2019, a one-time appropriation of \$25,000 was included to have a study completed and further research this option. The District started communication with County General Services, Real Estate Department, regarding this possibility in November 2019. On November 20, 2019 the District received a letter from County General Services conditionally approving the District's request to reconfigure the leased space and to relinquish a portion of leased space back to the County thereafter. On February 6, 2020 the District received a second letter from General Services with the County's intent to make an amendment to the District's lease to reduce the District's leased space from 14,139 square feet to 9,881 square feet. The County intends to bring the lease amendment to the County Board of Supervisors for approval on May 12, 2020. If the amendment is approved at that meeting, the District plans to bring the lease amendment to your Board for approval on May 21, 2020.

The District's lease with the County, has a 30-year lease term that is set to expire on May 1, 2033. Per the District's lease with the County, the rent is fixed at \$1.2928 per square foot per month. That means the District's current monthly rent is \$18,278.90. If the District is able to move forward with the office reconfiguration the new rent amount will be \$12,774.16 per month, a savings of \$5,504.74 or \$66,056.88 per year. The District would also pay less to the Replacement Reserve Account for the building and would go from occupying 50% of the building down to 35%, which results in a large savings on all shared maintenance costs for the building as well (e.g., utilities, landscaping, janitorial services, etc.). Based on these factors, the District anticipates saving approximately \$100,000 per year after the office reconfiguration is complete or \$1,300,000 over the life of the lease.

To initiate this project, the District worked with Robert Ooley, the County's Architect, and hired a consultant to develop a plan for the office space. Per Mr. Ooley's recommendation, the District hired SmartOffice Interiors, a County approved vendor, to work on office reconfiguration options. If approved by your Board, the project will have a one-time investment of \$400,000 for the construction of the interior of the office, new carpet, and new office furniture. The District feels that this investment will allow staff to be more efficient and productive while at work because office moral will increase as well as functionality from having staff all in the same general office location, instead of being spread out throughout the building. If your Board approves this budget amendment the District will move forward with the office reconfiguration and plan to have everything completed by June 30, 2020.

A budget amendment is required by the Auditor-Controller and County Budget Act to properly classify appropriations in the correct Expenditure Object Level for budgetary and financial reporting purposes before the office reconfiguration can be completed. In approving this action, \$25,000 will be transferred from the District's Services & Supplies Account #7460 (Professional and Special Services) to the Capital Assets object level Account #8300 (Equipment). Additionally, establishing an appropriation of \$375,000 from Purpose of Fund Account #9899 (Fund Balance – Committed), the total budget for appropriations of Capital Assets Account #8300 (Equipment) will be increased by \$400,000.

The budget amendments require a four/fifths approval vote (i.e., 11 affirmative votes).

**FISCAL IMPACT:**

The budget amendments that are proposed in this item specifically address impacts to the Fiscal Year (FY) 2019-20 budget that your Board adopted on June 20, 2019. The ongoing savings from rent and shared maintenance costs will be included in future years budgets, to be brought back to your Board for review and approval.

**ATTACHMENT:**

- A. Budget Journal Entry
- B. Conditional Approval letter from General Services
- C. First Amendment to Lease letter from General Services