Board Agenda Item

TO: Air Pollution Control District Board
FROM: Aeron Arlin Genet, Air Pollution Control Officer
CONTACT: Kristina Aguilar, CPA, Administrative Division Manager, (805) 961-8813
SUBJECT: Execute the second Lease Amendment for the office space located at 260 North San Antonio Road, Suite A, Santa Barbara, CA

RECOMMENDATION:

Authorize the Chair to sign the second Lease Amendment between the Santa Barbara County Air Pollution Control District (District) and Santa Barbara County (County) for the purposes of reducing the amount of office space leased from the County by 820 sq. ft. to accommodate County General Services Department moving into the east wing of the building.

DISCUSSION:

The District rents office space from the County located at 260 North San Antonio Road, in the unincorporated area of Santa Barbara County, more particularly described as Assessor Parcel Number 059-140-029, and the building thereon commonly known as the Casa Nueva Building (Building).

The District and County entered into a non-binding Memorandum of Understanding (MOU) dated August 8, 2000, on file with the Clerk of the Board of Supervisors, in which the County indicated its intention to lease to the District and the District indicated its intention to lease from the County a portion of the Building at a base rent of $1.30 per square foot more or less, depending upon County’s payment for Certificates of Participation (COPs) issued to finance the construction of the Building. The County issued the COPs and the square footage cost of leasing the Building was based on the County’s cost to amortize the COPs financing the building at approximately $1.29 per square foot.

The District and County entered into a lease agreement on November 26, 2002, for the purpose of leasing 14,139 square feet of the Building to be used as commercial office space.
On August 20, 2020, the District amended the original lease to remove a portion of its leased space, resulting in an overall reduction of leased space from 14,139 square feet to 9,881 square feet. Once the 4,258 sq. ft. was relinquished back to the County the District’s share of common area costs and the replacement reserve account payment decreased from 50% to 35%. This resulted in savings for utilities, building maintenance, and janitorial costs. A subsection was also added to the lease amendment that would allow the District to extend the lease by up to seven years. With the possibility of extension, that allowed the District to have a lease for a total of 20 years.

On July 19, 2021, the District was notified that the County General Services Department wished to occupy a portion of the building consisting of 4,775 square feet of exclusive office space. On September 6, 2021, the District entered into a non-binding Letter of Understanding (LOU) for the purpose of expressing each party’s intentions regarding future use and occupancy of the Building.

As of August 23, 2021, the District now occupies 7,152 sq. ft. of exclusive office space and 1,909 sq. ft. of common area square footage, which is 820 sq. ft. less than the approved first lease amendment. Rent is based on $1.2928 per square foot per month and is currently $12,774.16 per month during the time that District occupied the amended leased space and will be $11,714.06 per month once the 820 sq. ft. is relinquished back to the County. The District’s new proportionate share of maintenance and utility costs is 32%, down from 35% previously.

The District and County desire to amend the lease agreement upon the terms and conditions set forth in the attached second lease amendment. The County took their portion of this second lease amendment to the Board of Supervisors for final approval October 12, 2021.

**FISCAL IMPACT:**

The fiscal impact related to this second lease amendment would be an annual savings of approximately $16,000 ($12,700 rent expense savings, $1,300 for utilities, $1,000 for landscaping and janitorial, and approximately $1,000 for the replacement reserve account and any maintenance costs).

**ATTACHMENT:**

A. Second Lease Amendment
ATTACHMENT A

Second Lease Amendment for Casa Nueva Building

October 21, 2021

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110
SECOND AMENDMENT TO THE LEASE AGREEMENT

THIS SECOND AMENDMENT TO THE LEASE AGREEMENT (hereinafter, “Amendment”) is made by and between:

COUNTY OF SANTA BARBARA, a political subdivision of the State of California, hereinafter referred to as "COUNTY," and

SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT, a special district, hereinafter referred to as “DISTRICT,”

with reference to the following:

WHEREAS, COUNTY is the owner of the property located at 260 North San Antonio Road, in the unincorporated area of Santa Barbara County, more particularly described as Assessor Parcel Number 059-140-029 (hereinafter “Property”), and the building thereon commonly known as the Casa Nueva Building (hereinafter “Building”), as shown on Exhibit A of the Lease Agreement, incorporated herein by reference; and

WHEREAS, COUNTY and DISTRICT entered into a lease agreement (hereinafter “Agreement”) on November 26, 2002, for the purpose of leasing 14,139 square feet of the Building to DISTRICT to be used as commercial office space; and

WHEREAS, on August 20, 2020, COUNTY and DISTRICT entered into a First Amendment to the Lease Agreement (hereinafter “First Amendment”), which reduced DISTRICT’s leased space from 14,139 square feet to 9,881 square feet and added one option to extend the term of the Agreement by seven (7) years; and

WHEREAS, portions of the Building are occupied by the Santa Barbara County Association of Governments (“SBCAG”), COUNTY Department of Social Services, and DISTRICT; and

WHEREAS, the COUNTY General Services Department (“GS”) now wishes to occupy a portion of the Building consisting of 4,775 square feet of exclusive office space; and

WHEREAS, on September 6, 2021, COUNTY, DISTRICT, and SBCAG entered into a Letter of Understanding (“LOU”) for the purpose of expressing each party’s intentions regarding future use and occupancy of the Building; and
WHEREAS, COUNTY and DISTRICT desire to amend the Agreement upon the terms and conditions set forth below.

NOW THEREFORE, in consideration of the premises, and the mutual covenants and conditions contained herein, COUNTY and DISTRICT agree as follows:

1. **EFFECTIVE DATE:** This Amendment shall be effective upon final execution by DISTRICT (hereinafter “Effective Date”). Except as otherwise set forth herein, the terms and provisions of this Amendment regarding the DISTRICT’s reduction in leased premises and reduced rent shall be effective as of August 23, 2021, which is deemed to be the date that DISTRICT vacated and delivered to COUNTY a 439-square-foot portion of its leased premises, as well as the date that DISTRICT and SBCAG relinquished the right to use a 1,180-square-foot portion of the Building’s common area. These areas are further identified in Exhibit B, attached hereto and incorporated herein by reference.

2. **REDUCTION OF LEASED PREMISES:** Section 3, *LEASED PREMISES*, is hereby deleted and replaced with the following:

   COUNTY hereby leases to DISTRICT and DISTRICT hereby takes from COUNTY, a portion of the approximately 28,268-square-foot building. The portion of the Building leased by DISTRICT (hereinafter “Premises”) consisted of 14,139 square feet from May 1, 2003 through September 15, 2020; 9,881 square feet from September 16, 2020 through August 22, 2021; and 9,061 square feet from August 23, 2021 and continuing for the remainder of the lease term. The Premises shall include certain common areas that are to be shared solely by DISTRICT and SBCAG (hereinafter, “DISTRICT-SBCAG Common Areas”) and certain areas to be shared by all tenants of the Building (hereinafter, “All Tenant Common Areas”), all as depicted on Exhibit B, attached hereto and incorporated herein by reference.

   A. **Exclusive Space:** DISTRICT shall have exclusive use of 7,152 square feet of office space, as shown on Exhibit B.

   B. **Common Areas:** DISTRICT shall have non-exclusive use of all common areas, which are designated as either All Tenant Common Areas or DISTRICT-SBCAG Common Areas and identified on Exhibit B.

   C. **Use of Side Entrance and Side Staircase:** The “Side Entrance” and “Side Staircase” identified on Exhibit B are unavailable for DISTRICT’s use except in the event of an emergency or when required to provide access and accommodation for DISTRICT’s employees, customers, clients, and members of the public in compliance with the Americans with Disabilities Act (ADA). When access is required for ADA compliance, DISTRICT shall coordinate directly with GS by providing at least four (4) hours’ minimum advance notice, when feasible. In the future, if DISTRICT employs, works with, or regularly interacts with any individual(s) that requires ADA access, COUNTY agrees to allow such individual(s) to regularly use the “Side

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Entrance” or will otherwise provide reasonable access to DISTRICT’s Premises at no additional cost to DISTRICT.

D. Use of Showers: The showers located on the first floor are included in GS’ exclusive office space and, as such, are unavailable for DISTRICT’s unlimited use except: GS shall allow DISTRICT staff limited access during regular business hours (7am-6pm Monday – Friday); and any DISTRICT staff who wish to use the showers may request such use from GS and must comply with all GS rules and regulations regarding such use, which may include an assigned security card for direct access.

3. **RENT**: Section 6.A., RENT, of the Agreement is hereby deleted and replaced with the following provision:

Rent shall be based on $1.2928 per square foot per month, and shall be ELEVEN THOUSAND SEVEN HUNDRED FOURTEEN DOLLARS AND SIX CENTS ($11,714.06) beginning on August 23, 2021, and continuing through the remaining term of the lease. Rent shall not be subject to a cost of living adjustment. Rent payments shall be payable in advance on or before the first (1st) day of each and every calendar month, except as provided herein. The rent due for any period, which is for less than one (1) calendar month shall be prorated, based upon a thirty (30) day month.


4. **SIGNAGE**: Section 7, CONDITION / TENANT IMPROVEMENTS, is hereby modified and amended by adding the following paragraph after the last sentence: “COUNTY, in its sole discretion, is hereby authorized to install its own signage on the exterior and/or interior of the Building. DISTRICT, with COUNTY’s prior written approval, not to be unreasonably withheld, may install its own signage on the exterior and/or interior of the Building.”

5. **MAINTENANCE, REPAIR, AND BUILDING RESPONSIBILITIES**: Section 9, MAINTENANCE AND Repair, is hereby deleted in its entirety and replaced as follows:

MAINTENANCE, REPAIR AND BUILDING RESPONSIBILITIES:

A. **COUNTY’s Responsibilities**: COUNTY agrees to perform all maintenance and repair to the Building as set forth in Exhibit D, attached hereto and incorporated herein by reference, except that DISTRICT shall be responsible for maintenance and repair when such is required due to the negligence of DISTRICT’s agents, officers, employees and/or invitees.

COUNTY may install its own security system in the Building in order to restrict and monitor access to COUNTY’s exclusive space and the 2nd floor phone and data room. COUNTY shall cooperate with DISTRICT to ensure specific individuals have access to the phone and data room.

B. **DISTRICT’s Responsibilities**: DISTRICT shall, at its sole cost and expense, keep and maintain in good condition and repair the interior of the Premises and
those items listed in Exhibit D as DISTRICT’s responsibilities, but only to the extent of DISTRICT’s proportionate share. Upon termination to expiration of this Agreement, DISTRICT will return the Premises to COUNTY with those items in good order, reasonable wear and tear excepted.

DISTRICT shall schedule all use of the 2nd floor conference rooms and library room, and agrees to coordinate with all Building occupants regarding such use. DISTRICT shall accept reservations for these areas no more than thirty (30) days in advance and will not allow long-term scheduling of the areas on a regular basis without the prior consent of the COUNTY and SBCAG.

DISTRICT shall document any potentially hazardous and/or toxic chemicals, materials or substances that are stored in its 1st Floor Lab, now and in the future, and will provide GS with a Material Data Sheet (MDS) for each such item.

DISTRICT shall inform COUNTY and SBCAG of the then-current cleaning schedule for all common areas, including the 1st floor Kitchen and Breakroom.

C. Shared Responsibilities: COUNTY and DISTRICT shall each have the right to place one (1) refrigerator in the 1st floor Kitchen and Breakroom for that party’s exclusive use (or DISTRICT’s shared use with SBCAG). COUNTY and DISTRICT agree to jointly decide on the placement of each refrigerator and any vending machines in the space.

To the extent that there is conflict between this Section and Exhibit D, Exhibit D shall prevail.

6. UTILITIES AND JANITORIAL SERVICES: Section 10, UTILITIES AND JANITORIAL SERVICES, of the Agreement is hereby modified and amended to add the following sentence at the end of the first paragraph, “Upon the Reduced Premises Commencement Date, DISTRICT’s share shall be 9,061/28,268, or 32%.”

7. PARKING AND LOADING DOCK: Section 12, PARKING, is hereby deleted in its entirety and replaced with the following:

PARKING AND LOADING DOCK: At no additional expense, DISTRICT shall be entitled to non-exclusive use of all Unreserved Parking Spaces on the Calle Real Campus as well as all Reserved Parking Spaces that are specifically reserved for visitors.

COUNTY has non-exclusive use of the loading dock for up to three (3) hours per day for its mail delivery services. Such hours of use may vary from time to time, but will be communicated to DISTRICT and SBCAG in advance.

8. EXHIBITS:

A. Exhibit B is hereby deleted and replaced with the attached page titled “Exhibit B”, incorporated herein by reference.

B. Section 1, TOTAL OPERATING COSTS DEFINED, of Exhibit C is hereby modified and amended as follows:
1. The last sentence of the third paragraph is hereby deleted and replaced with the following: “For purposes of this Agreement, “leasable square feet at the Property” shall be defined as 28,268 square feet, and effective August 23, 2021, the Premises shall be defined as 9,061 square feet, which includes DISTRICT’s share of the common areas.”

2. The fourth paragraph is hereby deleted and replaced with the following paragraph:

“For purposes of this Agreement, “leasable square feet at the Property” shall be defined as 28,268 square feet, and effective August 23, 2021, the Premises shall be defined as 9,061 square feet, which includes DISTRICT’s share of the common areas.”

3. Section 2, REPLACEMENT RESERVE / Cost of Living Adjustment, of Exhibit C is hereby modified by adding the following after the first sentence: “Effective August 23, 2021, DISTRICT shall pay to COUNTY, in addition to the maintenance expense discussed above, ONE THOUSAND THREE HUNDRED SIXTY FIVE DOLLARS and FORTY-NINE CENTS ($1,365.49) per month, based on $.1507 per square foot, for repair and replacement of major systems as such are identified herein.”

C. Exhibit E is hereby deleted.

9. EXECUTION IN COUNTERPARTS: This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall constitute one and the same instrument.

10. It is expressly understood that in all other respects, the terms and conditions of the original Agreement, dated November 26, 2002, and the First Amendment to the Lease Agreement, dated August 20, 2020, shall remain in full force and effect.
IN WITNESS WHEREOF, COUNTY and LESSOR have executed this Agreement to be effective on the date executed by DISTRICT.

“DISTRICT”
SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT

ATTEST:

AERON ARLIN GENET
CLERK OF THE BOARD

By: Director Paula Perotte, Chair

Deputy

APPROVED AS TO FORM:
RACHEL VAN MULLEM
COUNTY COUNSEL FOR DISTRICT

By: Jenna Richardson, District Counsel

COUNTY SIGNATURES TO FOLLOW
Project: APCD Casa Nueva
APN: 059-140-029
RP File: 003410
Agent: SF

"COUNTY"
COUNTY OF SANTA BARBARA

Bob Nelson, Chair
BOARD OF SUPERVISORS

Dated: 10.12.2021

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

By: Sheila MacGregor
Deputy Clerk

RECOMMENDED FOR APPROVAL:
JANETTE D. PELL, DIRECTOR
GENERAL SERVICES DEPARTMENT

By: Janette D. Pell

APPROVED AS TO FORM:
RACHEL VAN MULLEM
COUNTY COUNSEL

By: Scott Greenwood, Deputy County Counsel

APPROVED AS TO ACCOUNTING:
BETSY M. SCHAFFER, CPA, CPFO
AUDITOR-CONTROLLER

By: Deputy

APPROVED:
Ray Aromatorio, ARM, AIC
Risk Manager

By: Ray Aromatorio

APPROVED:
Julie Lawrence
Real Property Manager

By: Julie Lawrence
CASA NUEVA SPACE ALLOCATION

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<th>Square Footage</th>
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<td>Gross Building</td>
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<td>Usable Square Footage</td>
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<td>Minus Assignable Space</td>
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<td>Remainder / Common Area</td>
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Occupant Share of Exclusive Office Space:

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<td>GS</td>
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Occupant Share of Common Area:

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Total Leased Square Footage Per Occupant:

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EXHIBIT B
3 of 3