

Agenda Date: August 18, 2011
Agenda Placement: Admin
Estimated Time: N/A
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

CONTACT: Terry Dressler, Air Pollution Control Officer (961-8853)

SUBJECT: Santa Maria Office Lease Agreement

RECOMMENDATION:

Approve the attached lease of County-owned property located at 620 Foster Road in Santa Maria as office space for the District's North County operations for a term beginning on November 1, 2011 and ending on October 31, 2016, with a provision for one three-year extension, and a rent of \$1,400/month.

DISCUSSION:

In order to provide enhanced service to North County residents and businesses and ensure efficiency in both staff time and District vehicle fuel consumption, in 2003 the District established a North County office to house some of our permitting, compliance, and air monitoring operations. The office also provided a convenient location for our North County customers to meet with District staff.

The APCD has occupied its current office located at 301 E. Cook Street since December 2003. Our rent is currently \$4,500/mo. (\$54,000/yr.) for a 3,340 square foot office (\$1.35 ft²). The original lease, which contains built-in extension options, is set to expire on November 15, 2011. Our landlord has proposed extending our lease for an additional term of five (5) years. The requested rent amount is \$5,137.95/mo. (\$61,655/year), which would be a 14.17% increase.

Due to the significant proposed increase in rent and a decrease in the amount of our space requirements, staff explored the availability and price of alternative properties in the Santa Maria area that would potentially meet our needs. Also, as part of our ongoing effort to find areas within our budget where we can reduce costs without reducing service, District staff determined that the expiration of the lease was an opportunity to reduce ongoing and long term costs without reducing service.

The APCD no longer requires 3,340 square foot of office space due in part to improvements and efficiencies we are making to our permitting and compliance programs. Due to recent program enhancements we are now able to route and file documents electronically, thereby eliminating the need to

maintain duplicate hard copy files in both the North County and South County offices. This eliminates the need to have large filing cabinets, which take up a lot of space. Our North County office space needs now only call for between 1,000 – 1,500 square feet.

District staff considered several options and discovered the most physically convenient and cost effective option is to lease office space from the County of Santa Barbara located at 620 Foster Road in Santa Maria. The proposed move to the Foster Road location would significantly reduce our costs while maintaining a North County location for our staff and customers. Relocation of the District's North County office to the County's Foster Road campus is our preferred option. Total savings over the currently proposed rent at the Cook Street location are estimated to be approximately \$45,000 per year. We also will realize significant savings in utility costs.

The aspects of this location that make it the preferred option for the District's North County operations include:

- The Foster Road location meets our square footage requirement at 1,400 ft².
- The interior of the double modular office space is already built out with sufficient office space for existing ECD staff. In addition, the existing space will allow for installation of conference table to seat eight and one spare desk for use by other APCD staff on an as needed basis.
- The District's computer server will be located in a remote yet secure portion of the office. This allows us to maintain a redundant offsite backup of the agency's computer files, enhancing our systems reliability and security.
- Monthly rent payments at Foster Road are established at \$1,400/month (\$1/ft²). The Foster Road location will save the District approximately \$37,000/yr current rental costs and nearly \$45,000/year in savings over the increased rental costs proposed by our current landlord.
- Monthly gas, electric and water (utility) payments at Foster Road are set at \$157/month for term of the lease, resulting in about \$3,000/yr savings over the current \$5,000/yr costs.
- The District currently allows its North County inspection staff to garage their vehicles at home due to the lack of a secure overnight parking facility at the current site. With the relocation of the office to the Foster Road campus, District vehicles will no longer be garaged at home, but will be parked overnight at Foster Road together with other County vehicles. This new practice will save the APCD an estimated \$7,200/yr in fueling costs plus help to extend the useful life of the vehicles.
- Tenant improvement costs, estimated at \$25,200, will be paid by the District upfront; however, the improvement costs will be considered "rent" for the first eighteen (18) months of the 5-year lease, resulting in no net cost to the District while providing the County with the resources to improve the property.
- Relocation to the Foster Road campus will allow the District to use County brown mail to send mail between its two offices.
- Relocation to Foster Road will allow the District to move its compressed gas storage locker from its current offsite location to secure onsite location at the Foster Road campus.

District staff recommends that your Board approve the attached lease with the County of Santa Barbara.

FISCAL IMPACT:

Approval of this lease and relocation of the District's North County operations to the 620 Foster Road site will result in an ongoing and long term net savings of approximately \$48,000/year.

ATTACHMENT (1):

1. Lease Agreement for 620 Foster Road