



## Memo

**To:** Commissioners, First 5 Ventura County

**From:** Jennifer Johnson, Director of Operations (On behalf of the Administration and Finance Committee)

**Date:** November 19, 2015

**Re: Recommendation to Grant Executive Director Authority to Enter into a Lease Agreement with Don Carlton Realty Company for Renewal of Current Lease**

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### Background

The Commission has a lease with the Don Carlton Realty Company for occupancy of its administrative office at 2580 E. Main Street, Ventura, CA. The Commission is nearing the end of its five-year lease, which is scheduled to end on December 31, 2015. The leased space includes two office suites, one on the first floor and one on the second floor, a conference room, and a storage area. The total square footage occupied is 3,485. The current amount paid per square foot for the office suites and conference room (3,210 square feet) is \$1.69 based on a full service gross (FSG) lease arrangement, whereby the rate per square foot is all inclusive and there are no additional costs paid for utilities, janitorial, etc. The current rate for the on-site storage area (275 square feet) is \$1.00 per square foot, or \$275 per month.

Staff surveyed market rates for office space in order to determine whether to continue a lease at the current location or to acquire new space. Available properties were either cost neutral or higher than our current rate (when converted to FSG, the median was approximately \$1.95 per square foot and the high was approximately \$2.35 per square foot). In addition, staff researched external market publications. The report from Daum Commercial Real Estate Services reported that average market rates for FSG are running at \$2.08 per square foot for office space in Ventura County.

The current office space meets the needs of the Commission. However, we are taking into consideration less space may be needed in future.

### Lease Renewal Proposal

- Increases rate slightly to \$1.74 per square foot (a 3% increase) for office and conference space (\$5,590.00 monthly) plus \$275 per month (no change) for the storage space.
- Maintains the limitation of the annual rate increase, in accordance with the Consumer Price Index, to be based on the actual percent increase. The maximum increase would not exceed 6%. The storage space is exempt from the annual rate increase and stays at the flat rate of \$1.00 per square feet for the duration of the lease.

- Allows the Commission the option to reduce up to 50% of square footage after three years of the five-year term with 90 days notice and up to 480 square feet at any time.
- Adds a provision for early termination of the lease with 90 days notice, in the event the Commission's funding is terminated.
- Includes provisions for replacing the carpet and cleaning/repairing it as needed, painting suites, and addressing any other interior repairs to the building as needed.

### **Recommendation**

The recommended action is to renew the lease for office space for an additional five (5) years and grant the Executive Director authority to enter into a lease agreement with the Don Carlton Realty Company. No new allocation of funds is needed for the current fiscal year, as expenditures were budgeted in the approved FY 2015/16 budgets for internal cost centers.