



To: Commissioners, First 5 Ventura County

From: Lauren Arzu, Director of Human Resources & Operations

Date: November 19, 2020

Re: Recommendation to Grant Executive Director Authority to Enter into a Lease Agreement with Don Carlton Realty Company and Extend Current Office Lease for One Year

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, 2020. 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 \$1.96 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. Thus, the average rate is \$1.88 per square foot.

In early 2020, management began preparing for the end of the lease term and exploring other local office space opportunities. We recognized that we don't need as much office space as we currently have, and ideally our administrative offices could be located near service centers.

When stay-at-home orders were enacted in March 2020 due to the Coronavirus pandemic, Commission staff began working remotely. The continuity of the Commission's business operations has been maintained in this remote work environment. Staff continues to work remotely, with only limited tasks carried out in the office, to ensure the safety and well-being of employees. Staff has been able to maintain productivity, while saving time and money not commuting. Management analyzed the costs and benefits of working remotely and office space needs and determined that **F5VC's work can be accomplished with a smaller office footprint**. Early in 2021, staff will begin again exploring alternate office spaces, with a goal of moving to a new location (dependent on office space needs) in December 2021.

	Current 2020	Proposed 2021
Office Square Feet	3210	1610*
Office price per sq ft	\$1.96	\$2.00
Storage	\$275/month	\$275/month
Total	\$78,721.80	\$45,140*

*1610 square feet from February – December 2021. Total of \$45,140 includes one month of the Suite 203 office space (1600 ft at \$2/ft).

Lease Renewal Proposal

The Administration Finance Committee reviewed and supported the lease renewal proposal as follows:

- Decreases the total square footage rented by 1,600 square feet by eliminating the second floor office space, resulting in \$35,200 savings in eleven months (Feb 1 – Dec 31, 2021).
- Increases rate slightly to \$2.00 per square foot (a 2% increase) for office and conference space (\$3,220.00 monthly) plus \$275 per month (no change) for the storage space.
- Preserves suite number, which avoids a change in address. Signage for suite 203 will be moved to the conference room.
- Heating and air conditioning issues in the conference room will be addressed, and cleaning in the bathrooms will be improved to address staff concerns.
- 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.
- 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 staff recommendation is to renew the lease for office space for one (1) additional year, concluding December 31, 2021, 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 2020/21 budgets for internal cost centers.