



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 7/31/2018

Agenda Placement: 6G

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Steven Lederer - Director of Public Works
Public Works

REPORT BY: Julie Kirk, Staff Services Analyst II - 259-8603

SUBJECT: Amendment No. 8 to Lease Agreement No. 170067B for the Records Center

RECOMMENDATION

Director of Public Works requests approval of and authorization for the Chair to sign Amendment No. 8 to Lease Agreement No. 170067B with Rockwater, LLC for 994 Kaiser Road, Unit A, known as the Records Center which provides the following:

1. Terminating the lease of Unit B effective December 31, 2018 thereby reducing the monthly rental rate for Unit A to \$6,799 as of January 1, 2019 with annual fixed percentage increases of three percent (3%) beginning on July 1, 2019 through June 30, 2023;
2. Providing an option to extend the lease for three (3) additional years after the original lease term expires; and
3. Adjusting the rental rate for the first year of extension by "Fair Market Value" with three percent (3%) increases thereafter.

EXECUTIVE SUMMARY

Since July 1, 2000 the County has leased approximately 6,000 square feet of space known as Unit A (Warehouse) and since April 25, 2006 approximately 2,160 square feet of space known as Unit B (Annex) for a total leased area of approximately 8,160 square feet of front office, storage and warehouse space located at 994 Kaiser Road for its Records Management. In June, the owner of the property at 994 Kaiser Road, Rockwater LLC, approached the County about amending the lease to secure Unit B of the warehouse for their own business purposes. ITS Records Management has been engaged in a records digitization process and has plans on reducing the physical capacity needs for records over the next 2-3 years. Until that project is complete, alternative overflow space for records storage is available in the County's South Campus in 2721 Napa Valley Corporate Drive (formerly Building 4). Records would continue

occupying Unit A for their main records storage needs, and approval of Amendment No. 8 will terminate the lease of Unit B effective December 31, 2018 thereby reducing the monthly rental rate to \$6,799 as of January 1, 2019 to continue leasing Unit A. Additionally, the amendment includes annual fixed percentage increases of three percent (3%) beginning on July 1, 2019 through July 1, 2022 with an option to extend the lease for three additional years after the original lease term expires and adjusting the rental rate for the first year of extension by "Fair Market Value" with three percent (3%) increases thereafter.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Cost of Lease with Rockwater, LLC will be budgeted in ITS Records Management Fund 4200 Subdivision 4200011. The current lease amount is \$9,246 per month. The amendment reduces that to \$6,799 per month. Cost to store records at 2721 Napa Valley Corporate Drive, Building 4, will be budgeted in Property Management Annual Cost Allocation.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Approval of this amendment will allow for County's continued use of leased space for its Mail Processing and Records Storage needs at a reduced cost than currently paid.
Is the general fund affected?	No
Future fiscal impact:	The cost of the lease will be included in future ITS-Records Management Budgets. Cost to store records at South Campus will be included in the Annual Property Management Cost Allocation.
Consequences if not approved:	The County would continue to occupy both units of 994 Kaiser Road per the current lease but would need to engage in renegotiations for continued use of the space after the current expiration termination date of June 20, 2019.
Additional Information:	

ENVIRONMENTAL IMPACT

Consideration and possible adoption of a Categorical Exemption Class 1: It has been determined that this type of project does not have a significant effect on the environment and is exempt from the California Environmental Quality Act. [See Class 1 ("Existing Facilities") which may be found in the guidelines for the implementation of the California Environmental Quality Act at 14 CCR §15301; see also Napa County's Local Procedures for Implementing the California Environmental Quality Act, Appendix B.]

BACKGROUND AND DISCUSSION

Records Management occupies approximately 8,160 square feet of front offices, storage and warehouse area located at 994 Kaiser Road. A portion of the space is used as the County's Mail Processing Center. The property at 994 Kaiser Road changed ownership in 2016 and the County has worked successfully with

the new owners to continue operations. However, the owner had expressed interest in occupying a portion of the facility for their own business purposes. Records Management has been working to electronically digitize paper-based documents currently located at 994 Kaiser Road and expects that by 2021 would be able to permanently reduce their space needs. Unit A of the property would be sufficient to meet these needs. Considering these reduced future needs, the County engaged the property owners in a negotiation to extend the lease and meet their request for reducing the County's overall footprint within the building.

The proposed amendment will allow the County to vacate a portion of the building known as Unit B as of January 1, 2019, allowing the property owner to occupy and reducing the rental rate. The County will retain the lease for Unit A through June 30, 2023 for its Mail Processing Center and to store documents waiting electronic digitization. Unused space available at 2721 Napa Valley Corporate Drive, also known as Building 4, can be used for additional records storage for an interim period as the Records Management staff continue to progress on their digitization project.

Staff requests Board approval of Amendment No. 8 to Lease Agreement No. 170067B to terminate the lease of Unit B effective December 31, 2018 thereby reducing the monthly rental rate to \$6,799 as of January 1, 2019 to continue leasing Unit A with annual fixed percentage increases of three percent (3%) beginning July 1, 2019 through July 1, 2022. Additionally, the amendment includes the option to extend the lease for three (3) additional years after the original lease term expires and adjusting the rental rate for the first year of extension by "Fair Market Value" with three percent (3%) increases thereafter.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi