

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Health Services Agency *mu*

BOARD AGENDA # \*B-8

Urgent  Routine

AGENDA DATE August 31, 2010

CEO Concurs with Recommendation YES  NO   
(Information Attached)

4/5 Vote Required YES  NO

SUBJECT:

Approval to Enter into a Five-Year Lease Agreement for the Property located at 1424 Mitchell Road in Ceres California to Accommodate the Health Services Agency Ceres operation of the Women, Infants and Children's Program

STAFF RECOMMENDATIONS:

Authorize the Purchasing Agent to enter into a five-year lease agreement on behalf of the Health Services Agency for the property located at 1424 Mitchell Road, Ceres, CA to accommodate the Ceres operation of the Women, Infants and Children's (WIC) Program.

FISCAL IMPACT:

The Fiscal Year 2010-2011 Adopted Proposed Budget of the Health Services Agency (HSA) Public Health division is approximately \$23.4 million. The U.S. Department of Agriculture contributes approximately \$4.1 million of that budget's funding for the WIC program. Although program funding in some other areas

(Continued on page 2)

BOARD ACTION AS FOLLOWS:

No. 2010-545

On motion of Supervisor O'Brien Seconded by Supervisor Monteith

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Monteith, DeMartini, and Chairman Grover

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

4) \_\_\_\_\_ Other:

MOTION:

*Christine Ferraro*

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

**FISCAL IMPACT (Continued):**

of Public Health has experienced reductions, the allocation for Stanislaus County's WIC program continues to experience funding increases based on case load growth. The proposed lease is to accommodate the increased caseload, is intended to be at a market rate and can be absorbed within the WIC funding allocation. The term of the lease is for a total of 61 months, commencing from November 1, 2010, ending on November 30, 2015. The annual cost of the lease is \$54,000 per year for the first and second years and \$58,320 per year for years three, four and five. The County will have the option to renew this lease for a period of five years from the expiration of the original term. WIC program funding will also support the costs of utilities, janitorial and moving related expenses. There is no cost to the General Fund.

**DISCUSSION:**

The Women, Infants, and Children's (WIC) Program is funded by the U.S. Department of Agriculture for eligible pregnant, breastfeeding, and postpartum women, infants 0-12 months, and children under the age of five (5) who are determined to be at nutritional risk. The program provides nutrition education and supplemental food in the form of printed checks, which participants can exchange for specified foods from vendors. The program also serves as a gateway and an adjunct to ongoing health care, which is essential to the WIC population.

The goals of the WIC Program are:

1. Decrease the prevalence of low birth weight infants,
2. Reduce pregnancy complications,
3. Reduce iron deficiency anemia in women, infants, and children, and
4. Promote optimum growth and development of infants and young children.

The Health Services Agency WIC program has provided services, through its Ceres Office, to eligible clients in the Ceres area for over 20 years. The Ceres WIC Office co-located with the Health Services Agency Ceres Medical Office on 3109 Whitmore Avenue in 1999, when the monthly caseload was approximately 1,000 clients. The WIC space within that building is about 1,000 square feet. The caseload in Ceres has grown to over 4,400 clients per month. Due to space constraints, it has been difficult to accommodate all 4,400 clients within the Ceres location. Additionally, the program evaluation conducted by the State WIC office found that corrective action was necessary in the Ceres WIC location in order to meet the confidentiality requirements for participant interviews and counseling. Subsequently, as a temporary means to resolve both issues, some clients have been re-directed to receive services at the main Health Services Agency WIC office located at the Community Services Facility (CSF) on Hackett Road. This has led to increased traffic at the CSF which has limited capacity in terms of space and parking. There is a need to relocate the Ceres WIC office to a larger facility to accommodate the participants from that geographic area.

Approval to Enter into a Five-Year Lease Agreement for the Property located at 1424 Mitchell Road in Ceres California to Accommodate the Health Services Agency Ceres operation of the Women, Infants and Children's Program  
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WIC staff has located a facility in Ceres on Mitchell Road that will meet the space and parking needs, as well as plan for growth in the future. This new space, located at 1424 Mitchell Road, just north of the intersection of Hatch and Mitchell Roads is about 3,000 sq ft, will allow for 6 – 8 separate and private counseling and interview cubicles, a large classroom for general classes, a smaller classroom for specialized classes (prenatal, breastfeeding, etc) a separate and private breastfeeding room, and adequate storage space. This location has adequate parking. There is access to a bus stop at the corner of Hatch and Mitchell.

The recommended lease agreement provides for an initial five-year term with the option of five-year extensions. The lease includes a 120-day outclause in the event sufficient funding is not available. The full cost of the leased space is \$282,960 over the five-year term.

The Health Services Agency hopes to develop a plan to remodel a portion of the office space that WIC currently occupies at the Ceres Medical Office. This remodel would create a net new clinic area to include a nursing pod, three exam rooms, a provider office and a staff office while leaving the existing two restrooms in place as well as the exterior hallway. The creation of this space would allow the Agency to operate additional revenue generating medical clinics and increase patient volume at this site, as well as recruit a full-time provider. Additionally, the property owner of the Ceres Medical Office has recently contacted the County to express interest in expanded clinic space within the existing facility, and the potential to enter into lease extensions in exchange for rent considerations in future years. Staff will return to the Board for consideration of any changes to the facility or lease.

**POLICY ISSUE:**

Approval of this recommendation supports the Board of Supervisors' priorities of a Healthy Community and Efficient Delivery of Public Services by relocating services to meet program requirements and client demand, in a manner supported by appropriate and available funding.

**STAFFING IMPACTS:**

There are no staffing impacts related to this recommendation. The WIC program is supported by existing HSA staff.

**CONTACT PERSON:**

Phoebe Leung, Assistant Director. Telephone: 209-558-7116

**LEASE AGREEMENT**

BOARD OF SUPERVISORS

**LEASE SUMMARY:**

2010 SEP 13 P 12: 58

**Lease date:** August 31, 2010

**Landlord:**  
Stanley V. Stafford and  
~~Deborah L. Stafford~~, Co-Trustees of  
The Stafford Family Trust dated June 19, 2008

**Tenant:**  
Stanislaus County

DEBRA  
ds

**Address of Landlord:**  
124 E. Coolidge Avenue  
Modesto, CA 95350

**Address of Tenant:**  
Attn: Purchasing Agent  
1010 Tenth Street, Suite 5400  
Modesto, CA 95354

**Premises Address:** 1424 Mitchell Road, Ceres, CA (A.P.N. #039-068-008)

**Premises Square Footage:** 3,000 square feet

**Term:** Sixty-one (61) months commencing at 12:01 am 11/1/2010 to 11:59 p.m. on 11/30/2015

**Monthly Basic Rent:** In accordance with table below

Month	Total Payment	Price per Sq Ft
1	\$0.00	\$0.00
2-25	\$4,500	\$1.50 Mod. Gross
26-61	\$4,860	\$1.62 Mod. Gross

**Termination date:** 11/30/2015

**Permitted Use:** Office space for County's Women, Infant and Children Service Program

**AGREEMENT:**

This Lease Agreement (the "Lease") is entered into in the City of Modesto, State of California, on August 31, 2010 between the **COUNTY OF STANISLAUS**, a political subdivision of the State of California, ("Tenant"), and Stanley V. Stafford and Deborah L. Stafford, Co-Trustees of The Stafford Family Trust dated June 19, 2008 (individually and jointly, "Landlord"), in consideration of the premises, and the agreements, terms and conditions set forth, below.

- Premises:** Landlord leases to Tenant, and Tenant hires from Landlord, those certain premises in the County of Stanislaus, more particularly described as 1424 Mitchell Road, Ceres, California.
- Payment:** Tenant agrees to pay to Landlord for the premises above-described, during the term designated below as set forth in the following table. Payment is due and payable on the first day of the month following the month for which the obligation accrues.

Month	Total Payment	Price per Sq Ft
1	\$0.00	\$0.00
2-25	\$4,500	\$1.50 Mod. Gross
26-61	\$4,860	\$1.62 Mod. Gross

3. Term: The term of this Lease shall be for a period of sixty-one (61) months commencing at 12:01 A.M. on November 1, 2010 and terminating at 11:59 P.M. on November 30, 2015.
4. Option to Renew: Tenant has the option to renew this Lease for a period of five (5) years from the expiration of the original term. Tenant shall exercise this option in writing at least six (6) months prior to the termination of the existing lease period. Renewal rental rates shall be at the then prevailing fair market value as agreed upon by the parties.
5. Utilities:
- 5.1 Landlord shall pay for the furnishing of none of the utilities which may be used in or upon the premises during the term of this Lease or any extension or holdover period.
- 5.2 Tenant shall pay for the furnishing of all utilities which may be used in or upon the premises during the term of this Lease, or any extension or holdover period, provided that Tenant has contracted directly with the utility companies.
6. Use of the Premises: Tenant may use the premises for the purpose of health services, WIC program administration and general office use. Tenant shall not use or permit the premises to be used for any other purpose or purposes without first obtaining the written consent of Landlord, which consent shall not be withheld unreasonably.
7. Maintenance:
- 7.1. Landlord Representations: Landlord represents to Tenant that (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

- 7.2. Landlord Obligations: Landlord shall, at Landlord's own expense, keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed but not less often than after five (5) years of use); (2) interior partitions; (3) doors; (4) the interior side of demising walls (which shall be repainted as needed but not less often than every five (5) years and (5) signage.
- 7.2.1 Landlord to provide HVAC: Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.
- 7.2.2. Excluding normal wear and tear, and, excluding heating and cooling equipment, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.
- 7.3. Entry: Tenant shall permit Landlord, or an authorized agent of landlord, free access to the premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs.
- 7.4. Tenant's Right to Repair: If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance,

and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five (5) days after the giving of such notice, then Tenant, at its sole option, may either proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities) or may surrender the premises and shall not be liable for any further lease payments under this Lease Agreement. Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action. If not reimbursed by Landlord within ten (10) days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work.

8. Asbestos Notification: In September, 1989, the Governor of California signed AB-1564, an Asbestos Notification law, codified in Section 25915 et seq. of the Health and Safety Code. Health and Safety Code Section 25915(a) states.

Notwithstanding any other provisions of the law, the owner of any building constructed prior to 1979, who knows that the building contains asbestos-containing construction materials, shall provide notice to all employees of that owner working within the building.

Should the Landlord know of any asbestos-containing material, Landlord will notify Tenant within ten (10) days.

If Tenant suspects or has reason to believe that the premises, as described in Section 1, contains asbestos-containing material, Landlord shall within ten (10) days of Tenant's request supply Tenant with an Asbestos Survey Report done by a qualified hazardous material specialist. If Landlord fails to have requested testing done, Tenant shall have the required testing done and all related cost shall be deducted from the lease payment. If test is positive and abatement is necessary, Landlord shall provide the Tenant an Asbestos Abatement Plan within thirty (30) days.

9. Building Ventilation: Premises shall comply with Title 8, Section 5142, California Code of Regulations, "Mechanically Driven Heating, Ventilating and Air Conditioning (HVAC) Systems" to provide minimum building ventilation. Provided, however, that Landlord may terminate this Lease should it decide that repair expenses, do not merit the continuance of this Lease. Tenant shall be given notice by Landlord of said decision and notice shall provide Tenant adequate time to make other arrangements.
10. CAL/OSHA Inspections: If the premises, as described in Section 1, is cited by CAL/OSHA, Landlord shall be required to abate said citations. Provided, however, that Landlord may terminate this Lease should it decide that abatement cost, do not merit the continuance of this Lease. Tenant shall be given notice by Landlord of said decision and notice shall provide Tenant adequate time to make other arrangements.

11. Holding Over: In case Tenant holds over beyond the end of the term of this Lease, with the consent expressed or implied of Landlord, such tenancy shall be from month to month only, subject to the terms and conditions of this Lease, but shall not be deemed to be a renewal. The rent to be paid in a hold over situation shall be at the rate provided in the terms of this Lease.
12. Janitorial Services: Tenant shall furnish janitorial service as is necessary on the premises.
13. Alterations: The parties agree not to make any alterations in or on the premises without first securing the written consent of the other party, and further agree to make such alterations only at such time that is agreeable to the other party.
14. Notices: Notices desired or required to be given by this Lease or by any law now in effect, or later enacted, may be given by enclosing the Notice in a sealed envelope addressed to the party for whom intended and by depositing such envelope, with postage prepaid, in United State mail. The envelope containing the Notice shall be addressed to Landlord as follows:

*DEBRA ds*  
**Stanley V. Stafford and Deborah L. Stafford, Co-Trustees of  
 The Stafford Family Trust dated June 19, 2008  
 124 E. Coolidge Avenue  
 Modesto, CA 95350**

or other place as may be designated in writing by Landlord and the envelopes containing the Notices to the Tenant shall be addressed as follows:

**Stanislaus County Purchasing Agent  
 1010 10th Street Place Suite #5400  
 Modesto, CA 95354**

15. Loss: Landlord agrees that should the demised premises be so badly damaged by fire, incidents of war, earthquake, or other violent action of the elements as to render them wholly unfit for Tenant's occupancy, then this Lease shall be terminated immediately upon the happening of any such event whereupon Tenant shall surrender the premises and shall not be liable for any further payments. In the event of any lesser damage by any such cause, Landlord shall restore the premises to the condition it was in immediately prior to the event causing the damage, and the lease payment shall abate in proportion to the area not used by Tenant during the period of restoration. If Landlord should fail to pursue restoration work with reasonable diligence to completion, Tenant, at its sole option may surrender the premises and shall not be liable for any further lease payments under this lease and agreement.
16. Successors: Each and all of the terms and agreements contained in this Lease Agreement shall be binding upon and shall inure to the benefit of the successors in interest of Landlord, and wherever the context permits or requires, the successors in interest to Tenant.
17. Trade Fixtures: Tenant shall install such fixtures, equipment, and personal property as may be necessary and convenient for its operation. Such furniture, equipment, and personal property may be removed at any time during Tenant's tenancy or within a



reasonable time thereafter, and shall not be considered part of the premises. Removal of the same shall not damage or deface the premises, and if the premises shall be so damaged, Tenant shall repair such damage at its own expense.

- 18. Fire and Other Perils Insurance: The parties agree to be responsible for damage by the perils of fire, extended coverage, and vandalism to those items of real and personal property for which they hold title or for which they have assumed liability to others. Landlord will maintain insurance for the Premises. Tenant will provide a separate liability policy.
- 19. Waiver of Rights of Subrogation: Landlord and Tenant agree that in the event of loss due to any of the perils for which they have agreed to provide insurance, each party shall look solely to its insurance for recovery. Landlord and Tenant grant to each other on behalf of any insurer providing insurance to either of them with respect to the premises, a waiver of any right of subrogation which any insurer of one party may acquire against the other by virtue of payment of any loss under such insurance.
- 20. Liability Insurance: Tenant agrees to hold Landlord harmless from loss occurring on the premises and arising out of Tenant's occupancy of the premises. Tenant assumes no liability for any loss caused by the sole negligence of Landlord.
- 21. Lack of Funding: If, during the term of this Lease, Tenant, Stanislaus County, in its sole discretion, determines that sufficient funds are not available to allow for continuation of this Lease or current County owned space becomes available, Tenant may terminate this Lease upon one hundred twenty (120) days written notice to Landlord without further obligation to Landlord.

**Landlord has read and understands specifically those terms contained in paragraph number 21 listed directly above.**

  
Landlord's Initials

  
Landlord's Initials

- 22. Surrender: Tenant shall surrender the premises to Landlord at the expiration of this Lease in as good a condition as at the commencement of it, excepting reasonable wear and tear, damages and destruction by the elements, or other persons.
- 23. Subordination and Mortgages:
  - 23.1. Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently with this Lease Agreement and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the property which may be included in this Lease.
  - 23.2. Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the building shall provide a written agreement to tenant in the form of

Document I in the Supplemental Lease Documents delivered to Landlord concurrently with this Lease Agreement within thirty (30) days after the execution of this Lease.

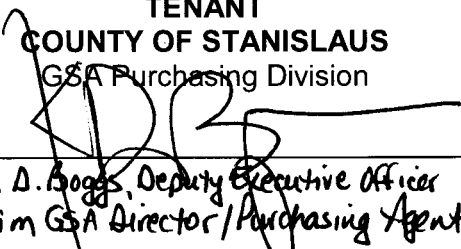
23.3 Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the property in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently with this Lease Agreement.


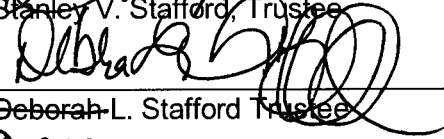
23.4 Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of default served upon Landlord which could permit Tenant to terminate this Lease Agreement and an additional ten (10) days within which to cure such default.

24. Estoppel Certificate: Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document III in the Supplemental Lease Documents delivered to Landlord concurrently with this Lease Agreement (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

25. Duplicate Counterparts: This Lease Agreement may be executed in duplicate counterparts, each of which shall be deemed a duplicate original.

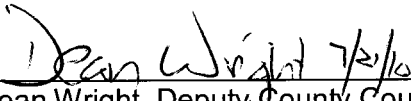
IN WITNESS WHEREOF Landlord has executed this Lease and Tenant, County of Stanislaus, by order of the Board of Supervisors, has caused this Lease to be executed on its behalf by the County Purchasing Agent on the day, month and year above written.

**TENANT**  
**COUNTY OF STANISLAUS**  
GSA Purchasing Division  
By:   
Keith D. Googs, Deputy Executive Officer  
Interim GSA Director / Purchasing Agent  
Approved BOS Resolution # 2010-545  
APPROVED AS TO CONTENT:  
Stanislaus County  
HEALTH SERVICES AGENCY

**LANDLORD**  
  
Stanley V. Stafford, Trustee  
  
Deborah L. Stafford Trustee  
DEBRA

APPROVED AS TO FORM  
John P. Doering, County Counsel

By:   
Mary Ann Lee, Managing Director

By:   
Dean Wright, Deputy County Counsel