

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

DEPT: General Services Agency

BOARD AGENDA: 4.B.17
AGENDA DATE: June 2, 2026

SUBJECT:

Authorize the General Services Agency Director/Purchasing Agent to Issue a Notice of Intent to Exercise the County's Option to Extend the Lease with Sylvan Square LLC for Property Located at 3500 Coffee Road, Modesto (Veterans Center), and Related Matters

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2026-0280

On motion of Supervisor B. Condit Seconded by Supervisor Withrow
and approved by the following vote,
Ayes: Supervisors: B. Condit, Withrow, Grewal, C. Condit, and Chairman Chiesa
Noes: Supervisors: None
Excused or Absent: Supervisors: None
Abstaining: Supervisor: None

- 1) Approved as recommended
- 2) Denied
- 3) Approved as amended
- 4) Other:

MOTION:



ATTEST: MARY E. HARTSFIELD, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: General Services Agency

BOARD AGENDA:4.B.17
AGENDA DATE: June 2, 2026

CONSENT:

CEO CONCURRENCE: YES

4/5 Vote Required: NO

SUBJECT:

Authorize the General Services Agency Director/Purchasing Agent to Issue a Notice of Intent to Exercise the County's Option to Extend the Lease with Sylvan Square LLC for Property Located at 3500 Coffee Road, Modesto (Veterans Center), and Related Matters

STAFF RECOMMENDATION:

1. Authorize the General Services Agency Director/Purchasing Agent to issue a Notice of Intent to Exercise the County's Option to Extend the Lease for the Stanislaus Veterans Center with Sylvan Square LLC, for five years.
2. Direct the General Services Agency Director/Purchasing Agent to negotiate an amendment, or new lease and return to the Board of Supervisors for approval to execute the lease, subject to budget availability and consistent with the County Purchasing and Salvage Policy, to ensure continuous operations at the Stanislaus Veterans Center.

DISCUSSION:

The Stanislaus Veterans Center, located at 3500 Coffee Road in Modesto, was conceived as a collaborative effort to address the needs of Stanislaus County's approximately 27,000 veterans. In 2012, the Stanislaus County Board of Supervisors (Board) established the Veterans Advisory Commission, which identified the creation of a "one-stop shop" for veterans' services as its top priority.

Following comprehensive needs assessment and public engagement, Stanislaus County (County), City of Modesto, and the Veterans Foundation of Stanislaus County (Veterans Foundation) entered into a Memorandum of Understanding in September 2015 to jointly develop and operate the Veterans Center.

After a competitive selection process, the Sylvan Square site was chosen, and in April 2016, the Board approved a 10-year lease for 37,547 square feet of commercial space, including a 19,025 square foot Veterans Hall and Conference Center. The remaining square footage is occupied by the Department of Aging and Veterans Services (AVS) and the Community Services Agency (CSA).

The Veterans Center officially opened in March 2017, providing a centralized location for veterans' services. The original operating model relied on shared funding and responsibilities among the County, City of Modesto, and Veterans Foundation, with the Veterans Foundation managing the Veterans Hall and Conference Center and

contributing to lease and operations through fundraising and facility rental.

In 2018, due to financial challenges faced by the Veterans Foundation, the County assumed full responsibility for the management and operation of the Veterans Hall and Conference Center, while the Veterans Foundation's leased space was reduced and its rent obligation adjusted accordingly. The County continues to partner with the Veterans Foundation and other stakeholders to ensure the Center's sustainability and ongoing support for local veterans.

The Veterans Center stands as a unique public-private partnership, delivering vital services, community space, and support for veterans and their families. Renewal of the lease for an additional five years will ensure the continued success and stability of this essential resource. The facility is also instrumental in holding numerous County meetings including Department Head, Department Head Policy Workgroup, County Safety Board, County Budget Managers, Budget Leadership, and The Veterans Advisory Committee. In 2025, a total of 1,577 meetings/events were held at the Veterans Center. Of this amount, the AVS states that 993 of these were booked for County meetings.

The lease for the Veterans Center commenced in 2017 and is set to expire in February 2027. The lease deadline to extend is June 3, 2026, with a cap of 120% of current rent rates or a renewal rate at 95% of fair market value. The Landlord has requested \$1.69 per square foot, with a 3% escalation annually.

If these recommended actions are approved, the General Services Agency (GSA) Director/Purchasing Agent will issue a written notice to the owner that it is the County's intention to extend its lease for an additional five years. GSA, in collaboration with AVS, CSA, and the Chief Executive Office, will return to the Board at a later date with a request to approve either an amendment or a new lease.

It is anticipated that in exchange for the extended term, that the landlord will provide new flooring throughout the facility, as well as make agreed upon tenant improvements. Subject to budget availability, and with approval of the Board, additional tenant improvements may be made by the owner on behalf of the County and be amortized in the new amendment or lease.

It is also important to note that this is a gross lease, with the owner being responsible for building maintenance. The County maintains the building's locks and card-readers and is responsible for its audio-visual systems.

POLICY ISSUE:

The County's purchasing policy ([Board Resolution 2025-0376](#)) requires Board of Supervisors' approval for contracts exceeding \$200,000 per contract year, and for multi-year contracts which exceed \$200,000 during the term of the contract. This requirement is based upon California Government Codes §25212, et seq, and §25502.5, et seq., which establish the powers of the Board of Supervisors and the Purchasing Agent.

FISCAL IMPACT:

For the past 10 years, the lease has been a flat rate of \$1.41 per square foot, with an annual rent of \$635,295. Of this amount, \$321,903 is for 19,025 square feet of space for the Veterans Hall and Conference Center.

In Fiscal Year 2026, the total cost of operating the Veterans Hall and Conference Center is budgeted at approximately \$1.2 million, which includes staff salaries, rent, cost allocation plan charges, and utilities and is offset by \$432,969 in revenue. The General Fund contribution to this facility is budgeted at \$745,400. Included in these revenues is a contribution from the City of Modesto of \$80,000 annually and any rental income. At the time the Veterans Center opened in 2017, the County's contribution to the Veterans Hall and Conference Center was funded through an assignment established from the sale of the Medical Arts Building, which generated \$100,000 annually through the initial term of the lease. As of July 1, 2026, \$267,452 will remain available from this funding source. At the current contribution rate of \$100,000 annually, this funding is projected to be fully expended during Fiscal Year 2029.

Since the opening of the Veterans Center in 2017, the City of Modesto has contributed \$80,000 annually toward the operation of the facility, as part of the original partnership established in the September 2015 Memorandum of Understanding (MOU). The City's commitment under the original MOU expires in November 2026 with the conclusion of the initial 10-year funding term. Discussions are currently underway with the City of Modesto to determine if the City will continue to provide financial support for the Veterans Center beyond November 2026.

If approved, it is anticipated the rent will increase from \$1.41 to \$1.69 per square foot for year one of the new lease, increasing annual rent by \$126,158. Of this amount, an increase of \$63,924 will be related to the Veterans Hall and Conference Center, which is funded primarily through the General Fund. The lease is expected to include an annual increase, common with other market rate leases.

BOARD OF SUPERVISORS' PRIORITY:

Approval of these recommended actions is consistent with the Board's priorities of *Supporting a Healthy Community, Delivering Efficient Public Services, and Enhancing Community Infrastructure* by ensuring that the County's 27,000 veterans have access to a one-stop shop for services and modern meeting spaces and that the departments of AVS and CSA have modern and adequate office spaces needed to deliver critical services to the community.

STAFFING IMPACT:

There is no additional staffing impact associated with these recommended actions. Existing staff in GSA will issue the required Notice and prepare the amendment or new lease in collaboration with AVS and CSA staff.

CONTACT PERSON:

Andrew Johnson, GSA Director/Purchasing Agent	(209) 525-4380
Cody Nelson, Real Estate Program Manager	(209) 525-4380