

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE BOARD GOVERNED COUNTY SERVICE AREAS
AND RECORD OF ACTION**

July 14, 2020

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
LUTHER SNOKE, Interim Director, Special Districts Department**

SUBJECT

Amendment No. 1 to Revenue Lease Agreement with the United States Postal Service and
Amendment No. 1 to Revenue Lease Agreement with the Hinkley Senior Citizens Club, Inc. for
use of County Service Area 70, W-owned Hinkley Senior Center in Hinkley

RECOMMENDATION(S)

Acting as the governing body of the Board Governed County Service Area 70, W:

1. Approve **Amendment No. 1 to Revenue Lease Agreement No. 16-173** with the United States Postal Service to extend the term of the lease five years by exercising an option, for the period of June 1, 2021 through May 31, 2026, adjust the rental schedule, and update standard lease agreement language for the exclusive use of 385 square feet of office space and the non-exclusive use of 297 square feet of common area within the Hinkley Senior Center located at 35997 Mountain View Road in Hinkley for total revenue in the amount of \$24,770.
2. Approve **Amendment No. 1 to Revenue Lease Agreement No. 16-174** with the Hinkley Senior Citizens Club, Inc. to extend the term of the lease five years by exercising an option, for the period of June 1, 2021 through May 31, 2026, adjust the rental schedule, and amend standard lease agreement language for the exclusive use of 2,498 square feet of office space and the non-exclusive use of 297 square feet of common area within the Hinkley Senior Center located at 35997 Mountain View Road in Hinkley for total revenue in the amount of \$36,600.

(Presenter: Terry W. Thompson, Director, 387-5252)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Provide for the Safety, Health and Social Service Needs of County Residents.

Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT

Approval of this item will not require Discretionary General Funding (Net County Cost). County Service Area 70-W (Hinkley) (District) will receive total revenue for both leases in the amount of \$61,370, which will be paid directly to District (3350001792). The total anticipated maintenance and utility costs associated with this lease is \$30,000 annually, which will be paid from the District budget (3350001792). Sufficient appropriation is included in the 2020-21 District budget and will be included in future recommended budgets. The total revenue to be received pursuant to each amendment is as follows:

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United States Postal Service (USPS) Lease: The total revenue to be received from the five-year amendment with the USPS is \$24,770. Annual revenue is as follows:

<u>Year</u>	<u>Annual Revenue</u>
June 1, 2021 – May 31, 2022	\$ 4,954
June 1, 2022 – May 31, 2023	\$ 4,954
June 1, 2023 – May 31, 2024	\$ 4,954
June 1, 2024 – May 31, 2025	\$ 4,954
June 1, 2025 – May 31, 2026	<u>\$ 4,954</u>
Total Revenue	\$24,770

Hinkley Senior Citizens Club, Inc. (Club) Lease: The total revenue to be received from the five-year amendment with the Club is \$36,600. Annual revenue is as follows:

<u>Year</u>	<u>Annual Revenue</u>
June 1, 2021 – May 31, 2022	\$ 6,840
June 1, 2022 – May 31, 2023	\$ 7,080
June 1, 2023 – May 31, 2024	\$ 7,320
June 1, 2024 – May 31, 2025	\$ 7,560
June 1, 2025 – May 31, 2026	<u>\$ 7,800</u>
Total Revenue	\$36,600

BACKGROUND INFORMATION

The recommended actions will extend the term of two existing leases, Revenue Lease Agreement No. 16-173 and Revenue Lease Agreement No. 16-174, five-years concurrently, for the period of June 1, 2021 through May 31, 2026 to provide the USPS with the exclusive use of 385 square feet of office space and the non-exclusive use of 297 square feet of common area including the entry, a kitchen and restrooms, for a post office; and the Club with the exclusive use of 2,498 square feet of office space and the non-exclusive use of 297 square feet of common area including the entry, a kitchen and restrooms, for activity space, for continuation of services at this convenient location for the Hinkley constituents.

On May 3, 2016 (Item No. 68), the Board of Supervisors (Board) approved a five-year Revenue Lease Agreement No. 16-173, with one five-year option, with USPS, for the exclusive use of 385 square feet of office space and the non-exclusive use of 297 square feet of common area within the Hinkley Senior Center located at 35997 Mountain View Road in Hinkley for a post office. The original term of the lease was for the period of June 1, 2016 through May 31, 2021.

On May 3, 2016 (Item No. 68), the Board also approved a five-year Revenue Lease Agreement No. 16-174 with one five-year option, with the Club, for the exclusive use of 2,498 square feet of office space and the non-exclusive use of 297 square feet of common area within the Hinkley Senior Center located at 35997 Mountain View Road in Hinkley for activity space. The original term of the lease was for the period of June 1, 2016 through May 31, 2021.

USPS and the Club each exercised its respective options to extend the term of its lease for five years for the period of June 1, 2021 through May 31, 2026. The amendment for the USPS lease extends the term of the lease, adjusts the rental schedule, and updates standard lease

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agreement language by making District responsible only for any hazardous materials at the premises that are caused by District. The amendment for the Club extends the term of the lease, adjusts the rental schedule, and updates standard lease agreement language. Either party in each lease agreement may terminate the respective lease agreement with 180 days' notice. All other terms and conditions of each lease remain unchanged.

Staff has reviewed the recommended action pursuant to the California Environmental Quality Act (CEQA) and has determined it does not constitute a project. Accordingly, no further action is required under CEQA.

Summary of Lease Terms

Lessee:	United States Postal Service Inc. (Terrence Brennan, Contracting Officer)	Hinkley Senior Citizens Club, (John Turner, President)						
Location:	35997 Mountain View Road, Hinkley							
Premises:	Aggregate of 3,180 square feet of office and common area space							
Term:	Five years commencing June 1, 2021							
Options:	None							
Revenue:	USPS Club	<table><tr><th><u>Monthly</u></th><th><u>Annual</u></th></tr><tr><td>\$413</td><td>\$4,954</td></tr><tr><td>\$570</td><td>\$6,840</td></tr></table>	<u>Monthly</u>	<u>Annual</u>	\$413	\$4,954	\$570	\$6,840
<u>Monthly</u>	<u>Annual</u>							
\$413	\$4,954							
\$570	\$6,840							
Annual Increases:	None for USPS; fixed increases of \$20 per year for the Club							
Custodial:	Paid by Lessee							
Maintenance:	Paid by District							
Utilities:	Paid by District							
Insurance:	The Certificate of Liability Insurance, as required by the lease(s), is on file with RESD.							
Right to Terminate:	Either Party may terminate with 180 days' notice							
Parking:	Sufficient for District and Lessees' needs							

PROCUREMENT

Not applicable.

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REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel and Dawn Martin, Deputy County Counsel, 387-5455) on May 29, 2020; Special Districts (Luther Snoke, Interim Director, 386-8811) on May 19, 2020; Purchasing (Bill Brock, Lead Buyer, 387-2070) on May 5, 2020; Finance (Tom Forster, Administrative Analyst, 387-4635 and Wen Mai, Principal Administrative Analyst, 387-4020) on June 19, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on June 27, 2020.

(RTA: 266-6533)

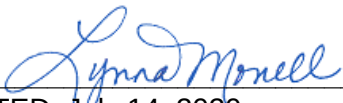
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Record of Action of the Board of Supervisors
Board Governed County Service Areas

APPROVED (CONSENT CALENDAR)

Moved: Robert A. Lovingood Seconded: Josie Gonzales
Ayes: Robert A. Lovingood, Janice Rutherford, Curt Hagman, Josie Gonzales
Absent: Dawn Rowe

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: July 14, 2020



cc: RESD- Thompson w/agree
 Contractor- C/O RESD w/agree
 File- w/agree
la 07/20/2020