

W. 8. C. 1.

AGENDA COVER MEMORANDUM

Agenda Date: January 14, 2004

DATE: December 30, 2003`

TO: Board of County Commissioners

DEPARTMENT: Management Services

PRESENTED BY: Jeff Turk, Property Management Officer 2

SUBJECT: ORDER/IN THE MATTER OF AUTHORIZING THE COUNTY ADMINISTRATOR TO EXECUTE A 3 YEAR LEASE AGREEMENT WITH AN ADDITIONAL 3 YEAR COUNTY OPTION WITH LGR ASSOCIATES FOR PROPERTY LOCATED AT 1640 G STREET, SPRINGFIELD TO BE USED FOR A COUNTY OPERATED COMMUNITY HEALTH CENTER AT A LEASE EXPENSE OF \$575,817

1. **PROPOSED MOTION:** THE BOARD OF COUNTY COMMISSIONERS MOVES TO AUTHORIZE THE COUNTY ADMINISTRATOR TO EXECUTE A 3 YEAR LEASE AGREEMENT WITH AN ADDITIONAL 3 YEAR COUNTY OPTION WITH LGR ASSOCIATES FOR PROPERTY LOCATED AT 1640 G STREET, SPRINGFIELD TO BE USED FOR A COUNTY OPERATED COMMUNITY HEALTH CENTER AT A LEASE EXPENSE OF \$575,817
2. **ISSUE/PROBLEM:** A lease agreement has been negotiated with LGR Associates for property located at 1640 G Street, Springfield to be used by the county for a Community Health Center. The lease agreement is beyond the authority of the CAO to execute without Board authorization.

3. DISCUSSION:

3.1 Background

The county, through the Human Service Commission, has obtained a Federal Grant to operate a Community Health Center which will provide comprehensive and integrated health care services to an estimated 5,000 low income residents of Lane County. Services will be delivered at 3 sites – the Safe & Sound Homeless Youth Clinic at Looking Glass; at Springfield High School and at the Metro Family Practice Clinic which is the subject property for the proposed lease agreement.

Pursuant to Order 3-11-5-9 issued on November 5, 2003, the Board approved an adjustment of \$728,680 to the Human Service Commission budget to provide funding for the clinics. The Order also authorized the addition of 19.25 FTE to staff the clinics.

The subject property for the lease agreement is located at 1640 “G” Street in Springfield. The property consists of a building with 7,044 leasable square feet residing on a .4 acre lot. The building was formerly occupied by practicing physicians.

The initial lease term is to be for 3 years (Feb. 15, 2004 – Jan. 30, 2007) with a county option to extend for an additional 3 year period . Monthly rent for the first year is \$7,418.33 (\$1.05/sq. ft.; \$89,019.96 annually). Rent is scheduled to increase 3% annually. Total rent for the initial 3 years will be \$275,151.79.

The county will be responsible for paying for all utilities and janitorial services. The county will also be responsible for all maintenance and repair of the interior of the building, including plumbing, and quarterly maintenance of the HVAC system and repairs of the system up to \$500 per year. The Lessor will be responsible for maintenance and repair of the roof, bearing walls, HVAC repairs exceeding \$500 and repair of interior components when damage is caused by neglect of Lessor’s maintenance responsibilities. The lessor will also make alterations to satisfy ADA accessibility requirements. The county will contribute \$3,500 towards these alterations.

The lease also contains a right of first refusal for the county to purchase the property during the first 2 years of the lease term.

3.2 Analysis

Other potential space for the clinic was investigated including use of the Heeran Center. The property at 1640 G Street was deemed to be the most appropriate as it is already set up to provide medical services thereby requiring minimal remodeling and alteration. The proposed location also provided the best access for public transportation.

3.3 Alternatives/Options

1. Authorize the County Administrator to execute the proposed lease agreement.
2. Direct staff to continue negotiation of lease terms desired by the Board.
3. Direct staff to pursue other possible locations for the clinic.
4. Refrain from entering into any lease agreement from the clinic.

3.4 Recommendation

It is recommended that the County Administrator be authorized to execute a lease agreement with pursuant to option 1.

3.5 Timing

The agreement calls for occupancy to begin Feb. 15, 2004.

4. **IMPLEMENTATION/FOLLOW-UP:** Upon approval by the Board of County Commissioners, the County Administrator will execute a lease agreement within the given parameters.
5. **ATTACHMENTS:**
Board Order
Board Order 3-11-5-9
Lease Agreement
Plat Map

consists of approximately 5,824 square feet of leasable space on the first floor and 1,220 square feet of leasable space on the second floor.

4. **MONTHLY RENT:** The lessee shall pay monthly rent of \$7,418.33 per month during the term of this lease, commencing on the Possession date. Rent shall be payable in advance on or before the 1st day of each month without notice or demand from the Landlord. The monthly rent shall increase annually by an amount equal to three percent (3%) each February 1st, commencing February 1, 2005 and continuing during the original term of this lease and for any extension term.

5. **USE.** Lessee shall use the leased space for providing public health services, including a community health clinic. Lessee may also use the space to provide other services in its capacity as a local government body.

6. **PARKING:** Lessor shall provide parking for Lessee's clients and staff in the front of the Building.

7. **SIGNS:** No signs, awnings, antennas, or other apparatus shall be painted on or attached to the building or anything placed on any glass or woodwork of the Leased Premises or positioned as to be visible from the outside of the Leased Premises without Lessor's prior approval as to the design, size, location and color. Such permission shall not be unreasonably withheld. All signs installed by Lessee shall comply with Lessor's standards for signs and all applicable codes.

7 **UTILITIES AND SERVICES:** Lessee shall pay for all heat, light, power, water, sewer, garbage, telephone/communication and other services or utilities used on the Leased Premises during the term of this Lease. Lessee shall also provide its own janitorial services.

8. **MAINTENANCE AND REPAIR:**

8.1 Landlord's Obligations. The following shall be the responsibility of, and shall be paid by the Landlord and not the Lessee:

(A) Replacement and major repair of the roof and gutters. Repair and replacement of bearings walls, structural members, floor slabs, and foundations and major building renovations such as expansion of the building or remodeling the building facade. This shall not include maintenance of the operating condition of the doors and windows or replacement of glass or maintenance of the store front.

(B) Repair, maintenance or replacement of exterior water, sewage, gas and electrical services up to the point of entry to the Leased Premises.

(C) Repair of interior walls, ceilings, doors, windows, and floors when such repairs are made necessary because of failure of the Landlord to keep the structure in repair as above provided, except if Lessee fails to notify Landlord of roof leaks in a reasonable period of time.

(D) Replacement of the heating and air conditioning system and repairs of the same which exceed the Lessee's repair obligations under Section 8.2(C).

8.2 Lessee's Obligations. The following shall be the responsibility of, and shall be paid by, the Lessee:

(A) Repair and maintenance of interior walls (including painting), ceilings, floor coverings, doors, windows, glass and related hardware, fixtures, switches and wiring and plumbing within the Leased Premises.

(B) Any repairs necessitated by the negligence of Lessee, its agents, employees and invitees, except as provided in Section 13 dealing with waiver of subrogation, but including repairs that would otherwise be the responsibility of Landlord under Section 8.1.

(C) Quarterly maintenance of the heating and air conditioning system, repair of the same which does not exceed \$500 calendar year and any repair necessitated by Lessee's improper use.

(D) Maintain the landscaping, landscape irrigation, parking lot, walkways and sidewalks, and exterior lighting.

(E) Any repairs and maintenance to the Leased Premises which Landlord is not required to make under Section 8.1.

9 **ALTERATIONS:** Prior to the Possession Date, Landlord shall make the following alterations to the Leased Premises: (a) modification of the existing ramp in front of the building to include 5' x 5' landing areas at each end (b) installation of concrete ramp at the back door to ADA standards (c) making a portion of the front counter ADA accessible (d) remodel the south restrooms to ADA standard (e) removal and treatment of the source and all evidence of mold in the building. Lessee shall contribute \$3,500 toward the cost of these Lessor obligations, payable on the Possession Date. Lessee shall not make any alterations, additions, or improvements to the Leased Premises,

facts that may reasonably be requested. Failure to deliver the certificate within the specified time shall be conclusive upon the party of whom the certificate was requested that the Lease is in full force and effect and has not been modified except as may be represented by the other party requesting the certificate. If requested by the holder of any encumbrance, or any ground lessor, Lessee will agree to give such holder or lessor notice of and an opportunity to cure any default by Lessor under this Lease.

23. **QUIET ENJOYMENT:** Lessor warrants that so long as Lessee complies with all the terms of this Lease, it shall be entitled to peaceable and undisturbed possession of the Leased Premises, free from any eviction or disturbance by Lessor.

24. **PROPERTY TAXES:** Lessee shall be responsible for payment of property taxes levied or assessed on the Leased Premises.

25. **FIRST RIGHT OF REFUSAL.** If during the first two (2) years of the original lease term, and so long as the Lease Agreement is in effect, Lessor receives a bona fide offer to sell the Leased Premises acceptable to the Lessor, Lessor shall provide Lessee with a copy of the offer. Lessee shall have a period of five (5) business days from receipt of said offer in which to notify Lessor in writing of Lessee's intent to purchase the Leased Premises for the same price and upon the same terms as set forth in the offer.

In the event Lessee gives written notice to Lessor of Lessee's desire the purchase the Leased Premises, then Lessor shall proceed to sell the Leased Premises to Lessee pursuant to the price and terms set forth in the offer.

In the event Lessee does not give written notice of Lessor within five (5) business days, or notifies Lessor that Lessee will not purchase the Leased Premises pursuant to the First Right of Refusal granted herein, then all rights accorded Lessee under this Section 25 of the Lease Agreement shall lapse and Lessor may proceed to sell the Leased Premises to the offeror. In the event the sale to offeror fails to close, then the First Right of Refusal granted herein shall be reinstated and apply to any future acceptable offer received by Lessor.

If the Lessor sell the Leased Premises to a buyer other than the Lessee, any such sale shall be subject to the leasehold interest of the Lessee pursuant to the terms of this Lease Agreement. This is to mean, if the Leased Premises are sold to a buyer other than the Lessee, the Lessee shall remain a tenant on the Leased Premises according to the terms of this Lease Agreement.

26 **COMPLETE AGREEMENT:** This lease and any attached exhibits and schedules constitute the entire agreement of the parties and supercedes all prior written and oral agreements or representations. Neither Lessor nor Lessee is relying on any representations other than those expressly set forth herein.

(Space Intentionally Left Blank)

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this Lease as of the day and year written below

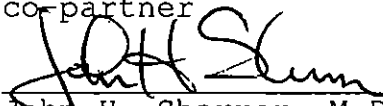
LESSOR:

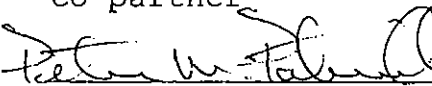
LESSEE: (Lane County)

LGR ASSOCIATES,
a co-partnership.

By: _____
William Van Vactor
County Administrator

_____ Date: _____
Jonathan S. Levy, M.D.
co-partner

 Date: 12/19/03
John H. Sharrer, M.D.
co-partner

 Date: 12-19-03
Peter M. Patricelli, M.D.
co-partner

Notice:
1755 Coburg Rd. Space #3
Eugene, OR 97401

Notice: Lane County
Property Management
125 E. 8th Avenue
Eugene, OR 97401