

# county of ventura



April 9, 2019

Board of Supervisors  
County of Ventura  
800 South Victoria Avenue  
Ventura, California 93009

**Jeff Pratt**  
Agency Director

Central Services  
**Joan Araujo**, Director

Engineering Services  
**Christopher Cooper**, Director

Transportation  
**David Fleisch**, Director

Water & Sanitation  
**Michaela Brown**, Director

Watershed Protection  
**Glenn Shephard**, Director

**Subject:** Approval of, and Authorization for the Director of the Public Works Agency, or His Designee, to Sign, a Lease with MDG Holdings, LLC, a California Limited Liability Company, for Office Space Located at 801 S. Victoria Avenue, Suite 301, in the City of San Buenaventura, with Monthly Rent Starting at \$2,310.00; Authorize the Director of the Public Works Agency, or His Designee, to Sign a Sublease with the Ventura Local Agency Formation Commission (LAFCo) with Monthly Rent Starting at \$2,310.00; Adoption of Resolution Waiving Any Conflict of Interest and Consenting to County Counsel's Representation of LAFCo and the County with Respect to the Sublease; Supervisorial District No. 1.

**Recommendation:**

- 1) Approve and authorize the Director of the Public Works Agency, or his designee, to sign the attached lease (Lease) (Exhibit 1) with MDG Holdings, LLC, for office space located at 801 S. Victoria Avenue, Suite 301 (Suite 301), in the City of San Buenaventura (see Exhibit 2), for use by the County of Ventura.
- 2) Authorize the Director of the Public Works Agency, or his designee, to sign a sublease (Sublease) for the entirety of Suite 301 between the County of Ventura and the Ventura Local Agency Formation Commission (LAFCo), consistent with the terms discussed in this Board letter, subject to review and approval by County Counsel.
- 3) Adopt the attached resolution (Resolution) (Exhibit 3) waiving any conflict of interest and consenting to County Counsel's representation of LAFCo and the County with respect to all matters related to the Lease and Sublease.



**Fiscal/Mandates Impact:**

Mandatory: No

Source of Funding: General Fund (to be reimbursed by LAFCo)

Funding Match Required: No

Impact on Other Departments: None

<b>Summary of Revenue and Total Costs:</b>		<b><u>FY 2018-19</u></b>	<b><u>FY 2019-20</u></b>
Revenue:		\$ 2,310	\$ 27,720
Costs: Direct		\$ 2,310	\$ 27,720
Indirect – Agency/Dept.		\$	\$
Indirect – County CAP		\$	\$
Total Costs		\$ 2,310	\$ 27,720
Net Cost		\$ 0	\$ 0
Recovered Indirect Costs (Department & County CAP)		\$ 0	\$ 0

**CURRENT FISCAL YEAR OPERATING BUDGET PROJECTIONS:**

<b>FY 2018-19 Operating Budget Projection for Div 1050 - CEO Special Accounts and Contributions</b>				
	<b>Adopted Budget</b>	<b>Adjusted Budget</b>	<b>Projected Budget</b>	<b>Estimated Savings/(Deficit)</b>
Appropriations	\$59,249,531	\$59,268,491	\$60,786,758	\$ (1,518,267)
Revenue	\$13,182,636	\$13,182,636	\$13,216,728	\$ 34,092
Net Cost	\$46,066,895	\$46,085,855	\$47,570,030	\$ (1,484,175)

Sufficient appropriations for this proposed project are available in the FY 2018-19 County of Ventura Projected Budget. The FY 2018-19 cost represents the costs associated with the initial period of the Lease during this fiscal year, a period of approximately one month. No incremental appropriations are required (or requested) in support of this agreement. Sufficient revenue and appropriations for this proposed project will be included in the FY 2019-20 County of Ventura Budget, as appropriate.



**Discussion:**

LAFCo is an independent agency, separate and apart from the County of Ventura. LAFCo implements state law and state and local policies related to boundary changes for cities and special districts within Ventura County.

On May 22, 2001 the County entered in a Memorandum of Agreement (MOA) with LAFCo which defines the terms by which the County will provide support to LAFCo. Section 2 of the MOA obligates the County to provide suitable office space, furniture and equipment as LAFCo requires. The MOU also provides that LAFCo shall reimburse the County for the cost of the office space, furniture and equipment. LAFCo offices are currently located on the fourth floor of the Hall of Administration (HOA). LAFCo's footprint is approximately 1,000 square feet.

Several months ago, the County Executive Office notified LAFCo that its existing space in the HOA was needed for other County uses. After a determination that there was no alternative County-owned space within the Government Center, Real Estate Services began working with LAFCo staff to identify suitable office space near the Government Center that was available for lease. The optimal opportunity was determined to be found in Suite 301 of a building located at 801 S. Victoria Ave., directly across the street from the Government Center complex.

Recommendation #1 is for your Board's approval of the Lease between the master landlord (MGD Holdings, LLC ) and the County. It includes a delegation to the Director of the Public Works Agency, or his designee, to execute the Lease.

Recommendation #2 is required for purposes of providing Suite 301 to LAFCo, by means of the Sublease to be entered by and between the County and LAFCo only. MGD Holdings, in executing the Lease, will expressly consent to County's subleasing of the Suite 301 to LAFCo.

With respect to Recommendation #3, under the MOA between the County and LAFCo, the County Counsel acts as legal adviser to LAFCo. At the time the MOA was approved, it was recognized that there could be occasions where a conflict of interest could arise when the County Counsel provides advice to the County and LAFCo on the same matter. Accordingly, the MOA states: "In the event of a potential or actual conflict of interest, the County Counsel shall use his best efforts to resolve the conflict, or to arrange for alternate counsel for LAFCo." (MOA, § 4.5.) Under the Rules of Professional Conduct governing lawyers in California, a lawyer shall not, without informed written consent from each affected client, represent a client if there is a significant risk the lawyer's representation of the client will be materially limited by the lawyer's responsibilities to or relationships with another client.





With respect to the Sublease, the material terms have already been negotiated by County and LAFCo staff, as described herein, without participation by counsel. However, it will be necessary for counsel for both the County and LAFCo to review and advise on the Sublease. This gives rise to the conflict of interest. The County Counsel believes that it will be beneficial for the County and LAFCo to waive the conflict of interest and consent to the County Counsel's representation of both parties, rather than requiring LAFCo to obtain outside legal counsel for matters pertaining to the Sublease. The proposed Resolution would constitute that waiver and consent by the County. On its part, LAFCo adopted a similar resolution waiving any such conflict at its meeting of March 20, 2019.

If your Board consents, the County Counsel will erect an ethical wall between the lawyer assigned to advise LAFCo and the lawyer(s) assigned to advise the County on the Sublease. The ethical wall would prohibit the sharing of any confidential information and establish protocols for the protection of such confidential information.

Lease costs associated with this leasing arrangement will be initially paid by the County, then reimbursed by LAFCo.

**Lease Terms:**

The salient terms of the proposed Lease are as follows:

**LESSOR:** MDG Holdings, LLC, a California limited liability company

**PREMISES:** 1,320 rentable square feet of office space in Suite 301 in the multi-tenant office building commonly known and referred to as 801 S. Victoria Avenue, Ventura.

**TERM:** The term of the Lease shall be for ten years and shall commence on the first day of the first month following the completion of tenant improvements for Suite 301.

**RENT:** Rent shall be \$2,310.00 per month for the first 24 months of the term. The rent will increase annually thereafter by 2%, throughout the remaining term of the Lease.

**UTILITIES:** Landlord will pay for water, gas, and electricity and provide janitorial services to the premises.

**TENANT IMPROVEMENTS:** Landlord shall, at its own cost and expense, provide turnkey tenant improvements to the premises in accordance with the Lease.



The salient terms of the proposed Sublease will mirror the terms of the proposed Lease, except that the initial term of the proposed Sublease will be for five years. Following the initial five-year term of the Sublease, the term will automatically renew annually, for one-year periods up to another five years, unless either party provides prior written notice that it will not renew the Sublease.

This letter has been reviewed by the County Executive Office, the Auditor-Controller's Office, and County Counsel. In conformance with section 25351 of the Government Code, prior notice of the proposed lease transaction was provided to the City of Ventura.

If you have any questions regarding the fiscal or discussion portions of this letter, please contact Scott Powers, CEO, at 677-8761. If you have questions regarding the Lease or Sublease, please contact Chuck Alvarez, Manager of the Real Estate Services Division, at 654-2402, or the undersigned at 654-2084.

Respectfully,



Joan Araujo

Director, Central Services Department

Attachments:

Exhibit 1 – Lease Agreement

Exhibit 2 – Location Map

Exhibit 3 – Resolution

