



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
June 6, 2023

TOPIC: Lease Agreement for the Santa Ana WORK Center

AGENDA TITLE

First Amendment to the Lease Agreement for 19,321 Square Feet of Office Space Located at 801 W Civic Center Drive for the Santa Ana WORK Center

RECOMMENDED ACTION

1. Authorize the City Manager to execute the first amendment to the office lease agreement with Santa Ana CA I SGF, LLC for 19,321 square feet of office space located at 801 W Civic Center Drive, for a ten-year term beginning July 1, 2023 with two optional five-year extensions, in the monthly amount of \$45,404.35 with an 3-percent annual increase, subject to non-substantive changes approved by the City Manager and City Attorney.
2. Authorize the City Manager to execute a sub-lease agreement and Memorandum of Understanding with the Employment Development Department, subject to non-substantive changes approved by the City Manager and City Attorney.
3. Authorize the City Manager to execute a first amendment to sub-lease agreement and Memorandum of Understanding with the County of Orange Social Services Agency to extend the term through June 30, 2025 and to adjust rent, subject to non-substantive changes approved by the City Manager and City Attorney.
4. Authorize the City Manager to execute Memorandum of Understandings with Department of Rehabilitation, SER Jobs for Progress, and the City's Community Development Agency for the Housing Authority and Economic Development Division, subject to non-substantive changes approved by the City Manager and City Attorney.

DISCUSSION

The City receives federal Workforce Innovation and Opportunity Act (WIOA) grant funds to provide employment and vocational training services to low income, unemployed, or underemployed residents, as well as assist local area businesses with employment and training needs. One of the requirements of WIOA is for the City to maintain a comprehensive One Stop Employment Center. The Santa Ana WORK Center fulfills this requirement for the City.

The WORK Center is a component of the City's economic development efforts by providing employment and training services and assisting Santa Ana based businesses in acquiring skilled employees. In fiscal year 2022-23, the WORK Center served 8,500 people and invested over \$450,000 in direct vocational skills training. More than 2,500 clients received one-on-one assistance with their resumes and 65% of the participants were employed within three months after completion of the workforce program. In addition, the WORK Center's business services team visited 187 Santa Ana businesses to promote customized training, recruitment services, and rapid response programs.

On October 3, 2017, the City Council approved a five-year lease agreement at 801 W Civic Center Drive to house the Santa Ana WORK Center. As the primary recipient of WIOA funding, the City holds the master lease agreement and has sublet space to partner organizations that assist in the delivery of workforce services or offer support services that are a benefit to the WORK Center client. Those on-site partners are the Employment Development Department, Orange County Social Services Agency (SSA), Santa Ana Housing Agency, Department of Rehabilitation (DOR), and SER Jobs for Progress. Staff evaluated several alternate office locations and determined that the current location, office design, and property management at 801 W. Civic Center met the needs and supported the delivery of services best to the community (Exhibit 1).

Under the terms of the lease, the City will be responsible for payment of the monthly rent. Partners who co-locate at the WORK Center will reimburse the City based on their direct occupancy and a percentage of the suite's common area and office building common area charges, and shared operating costs (security, telecom, IT maintenance, and office cleaning).

The co-located partners have informed staff that they would like to continue to offer services on-site and indicated their desire to sign a renewal to their sub lease agreements. SSA, SER Jobs for Progress, and the City's Housing Authority expressed the desire to increase the number of staff delivering services on-site at the WORK Center.

Authorization of the first amendment to the lease agreement will allow staff to finalize the sub lease agreements and Memorandum of Understanding (MOU) with EDD and SSA (Exhibit 2 and 3). The remaining partners SER, DOR, the Housing Authority, and Economic Development/WORK Center use the MOU as the primary document to reimburse the City for their portion of rent and shared costs associated in operating the WORK Center (Exhibit 4). Now that the lease terms have been finalized, the MOU boilerplate will be updated to reflect each partner's direct and shared costs and signed by all parties.

FISCAL IMPACT

The City's share of the monthly lease payment is budgeted and available in various Work Center grant program account (nos. 12318xxx-62500 WIOA Grant Rent Payments and 12418737-62500 SSA VT WEX Rent Payments). Upon completion of sub lease

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with the City's partners and approval of the FY 2023-24 City Budget, staff will return to City Council and request an appropriation adjustment to recognize anticipated revenue received from Partners' share and appropriate funds for expenditures on any adjustments to City's share.

The City's share of the lease payments will be included in future fiscal year budgets from all eligible grants funds that derive benefit from the lease of the office space, including WIOA and Vocational Training Activities and Work Experience funds from the County of Orange. The annual amount of the City's share of the lease payment is estimated to be as follows:

Fiscal Year	City's Share	Partners' Share	Annual Amount
2023-24	\$ 217,288.90	\$ 327,563.30	\$ 544,852.20
2024-25	\$ 223,807.57	\$ 337,390.20	\$ 561,197.77
2025-26	\$ 230,521.79	\$ 347,511.91	\$ 578,033.70
2026-27	\$ 237,437.44	\$ 357,937.27	\$ 595,374.71
2027-28	\$ 244,560.57	\$ 368,675.38	\$ 613,235.95
2028-29	\$ 251,897.38	\$ 379,735.65	\$ 631,633.03
2029-30	\$ 259,454.31	\$ 391,127.72	\$ 650,582.02
2030-31	\$ 267,237.93	\$ 402,861.55	\$ 670,099.48
2031-32	\$ 275,255.07	\$ 414,947.39	\$ 690,202.47
2032-33	\$ 283,512.72	\$ 427,395.82	\$ 710,908.54
Totals	\$ 2,490,973.68	\$ 3,755,146.18	\$ 6,246,119.87

Fulfilling this long-term obligation requires receipt of a Grant Award allocation throughout the lease period (FY 2032-33). In the event the City is unsuccessful in obtaining a grant award, it will require alternate funding sources to meet the above-referenced lease obligation.

EXHIBIT(S)

1. First Amendment Lease Agreement
2. EDD Sub Lease Boilerplate
3. SSA First Amendment Sub Lease Boilerplate
 - a. SSA MOU
4. Sample MOU for on-site Partners

Submitted By: Michael L. Garcia, Executive Director of Community Development

Approved By: Kristine Ridge, City Manager