



BOARD OF COMMISSIONERS

AGENDA REQUEST & STAFF REPORT

MEETING DATE: Monday, November 22, 2021

SUBJECT: Consideration of Board Order No. 2021-081, Authorizing the Deschutes County Property Manager to Execute the Lease and Associated Documents with Flexforce Medical Staffing, LLC and Arrow Appraisal, LLC to Lease Space Located at 703 N Larch Street, Suite "B", Sisters, OR 97759.

RECOMMENDED MOTION:

Move to approve Board Order 2021-081, authorizing the Deschutes County Property Manager to execute the lease and associated documents with FlexForce Medical Staffing, LLC and Arrow Appraisals, LLC.

BACKGROUND AND POLICY IMPLICATIONS:

Deschutes County owns a 6,000 square foot building located at 703 N Larch Street, Sisters. Current tenants include the Deschutes County Sheriff's Office who occupies 2,500 square feet and Black Butte Veterinary Clinic who occupies 2,000 square feet. A 1,500 square foot space previous occupied by Mid Oregon Credit Union is currently available to lease.

The real estate broker contracted by Deschutes County Property Management to secure a tenant, Howard Friedman with Compass Commercial, submitted a letter of intent (LOI) on behalf of two companies whose owners know each other, FlexForce Medical Staffing, LLC and Arrow Appraisal, LLC. Note that the two companies intend to share the space.

Highlights of the offer:

1. \$1,650/month base rent (\$1.10 per square foot/month or \$13.20/annualized)
 - a. 3% annual increases
2. \$510/month for prorata-share of common area maintenance (CAM) and property taxes
 - a. Reviewed annually for adjustments as appropriate
3. 2-year lease effective December 1, 2021
 - a. Option to extend for two additional 2-year terms (total of 4-years in extensions); rate would be determined by market and negotiated at that time

4. Tenant to complete a minor tenant improvement to remove existing built-in receptionist area woodwork and replace carpet; work will be performed by a licensed general contractor to quality workmanship standards
5. Abate December 2021 base rent (only) to help compensate for work to be performed by tenant as outlined in bullet #4
6. \$2,500 security deposit

The current advertised rate for base rent and pro-rata share of CAM and property tax equals the amounts outlined in the LOI. Also, as a reference point, the prior tenant, Mid Oregon Credit Union was paying \$1,591/month for base rent and \$294/month for CAM and zero for property tax.

BUDGET IMPACTS:

\$18,150 base rent for year one; \$6,120 CAM and property taxes for year one.

ATTENDANCE:

Kristie Bollinger, Property Manager