



**Department of Finance**

Public Services Building  
2051 Kaen Road, Suite 490 | Oregon City, OR 97045

February 10, 2022

Clackamas County Administration

County Administrator:

Approval of Clackamas County Health, Housing and Human Services, Clackamas Mental Health Clinic at Ross Center with Happy Valley – TSL LLC and Happy Valley – CET LLC Lease Amendment No. 1

<b>Purpose/Outcomes</b>	Approval of a seven (7) year lease amendment for the Ross Center to continue housing the Clackamas Mental Health Clinic
<b>Dollar Amount and Fiscal Impact</b>	The first year of the lease amendment will cost \$71,314.80 with annual cost increases as per the lease amendment with the entire full seven (7) years costing a total of \$1,021,578.70 plus additional triple net (NNN) costs for Common Area Maintenance (CAM) and utility changes. Note: The Clackamas Mental Health Clinic will be provided the first six months of free rent from February 1 through July 31, 2022 plus an owner funded tenant improvement project for up to a maximum \$51,802.50 during the life of the contract amendment.
<b>Funding Source</b>	No County General Funds are involved. State of Oregon, Community Mental Health Program (CMHP) – 70% Health Share of Oregon-Oregon Health Plan funds are utilized – 30%
<b>Duration</b>	A seven (7) year lease amendment term is from February 1, 2022 through January 31, 2029.
<b>Previous Board Action</b>	None. The original lease was approved by the previous H3S Director on September 15, 2011.
<b>Strategic Plan Alignment</b>	Completion of this project will help ensure safe and healthy communities.
<b>Procurement Review</b>	This property lease amendment was negotiated by Facilities Management and Colliers International (The County's Broker) and reviewed and approved as to form by the Office of County Counsel.
<b>County Counsel Review</b>	Approved by AN email on January 13, 2022
<b>Contact Person</b>	Jeff Jorgensen, Division Director, Facilities Management, 971.221.8033

**BACKGROUND:**

Clackamas County Health, Housing and Human Services (H3S) has leased the space at 11211 S.E. 82<sup>nd</sup> Ave., Suite O, in Happy Valley since February 2011. The leased space houses the Clackamas Mental Health Clinic (CMHC) which provides vital mental health services to residents of Clackamas County including: Urgent Mental Health Walk-in Center, 24 hour phone crisis intervention, mental health phone screening and referrals to appropriate providers, emergency or urgent intake appointments, brief crisis stabilization treatment sessions, consultations and referrals to other agencies or services, providing crisis services at the Clackamas County Jail, and consultations with families, outpatient clinics, law enforcement and local service providers.

H3S and Facilities Management discussed and evaluated this leased property during our recent search for additional behavioral health clinic space due to the new Courthouse Project, but due to the County's initial investment of almost \$800,000.00 to construct the existing CMHC spaces in 2011 it makes sense to accept the results of the lease negotiations and amend the current lease contract. We believe that this has been a good

location for the past ten (10) years for CMHC to provide critical mental health services to the residents of our county and request that it be allowed to do so for the next seven (7) years.

We do want to point out that the County's current lease standard of requiring all lease contracts to include a ninety (90) day termination clause was not accepted by the Happy Valley – TSL LLC and Happy Valley – CET LLC and we will be required to stay with the current 365 day termination clause, but property owners have accepted several changes in their insurance requirements due to the County being self-insured.

**RECOMMENDATION:**

Staff recommends that the Board approves the Chair of the Board to execute this lease amendment.

Sincerely,

*Elizabeth Comfort*

Elizabeth Comfort,  
Director Finance

**FIRST ADDENDUM / AMENDMENT TO LEASE**

This First Addendum / Amendment to Lease, is part of that certain Lease Agreement (“Lease”) dated October 11, 2011, by and between Happy Valley – TSL LLC and Happy Valley – CET LLC (“Landlord”) and Clackamas County Department of Health, Housing & Human Services (“Tenant”), and is effective on February 1, 2022.

IT IS AGREED BETWEEN LANDLORD AND TENANT AS FOLLOWS:

1. Original Lease Term. The Lease Term Commenced on February 1, 2012; the Lease Expiration Date is January 31, 2022.

2. Option to Extend. Pursuant to Lease Exhibit G.2, Tenant’s options to extend the term of the Lease beyond the expiration of the initial term and this renewal term shall be retained.

3. Amended Term. Tenant shall renew its Lease for seven (7) years. The new Lease Expiration Date is January 31, 2029.

4. Option Period Minimum Monthly Rent. Tenant shall pay Landlord Minimum Monthly Rent during the term of the Option Period based on 6,907 rentable square feet, as follows:

Period	Annual Rent PSF	Minimum Monthly Rent
Beginning February 1, 2022, through January 31, 2023:	\$20.65	\$11,885.80+NNN*
Beginning February 1, 2023, through January 31, 2024:	\$21.27	\$12,242.37+NNN
Beginning February 1, 2024, through January 31, 2025:	\$21.91	\$12,609.64+NNN
Beginning February 1, 2025, through January 31, 2026:	\$22.56	\$12,987.93+NNN
Beginning February 1, 2026, through January 31, 2027:	\$23.24	\$13,377.57+NNN
Beginning February 1, 2027, through January 31, 2028:	\$23.94	\$13,778.89+NNN
Beginning February 1, 2028, through January 31, 2029:	\$24.66	\$14,192.26+NNN

\* Tenant shall be provided first the six (6) months free of base rent beginning February 1, 2022.

5. Improvements. The Tenant shall be provided up to \$7.50 per rentable square foot reduction in Minimum Monthly Rent upon providing written proof of payment including receipts from the approved contractor to complete any refurbishment or construction to the Premises first approved by the Landlord which approval shall not be unreasonably withheld, conditioned or delayed.

6. Brokerage. Per a separate management agreement with SVN|Bluestone & Hockley, Landlord shall pay a renewal fee of three (3%) percent to be split 50/50 between Tenant and Landlord’s brokers, payable within (10) days after execution of the renewal.

7. Article 15.2 - Policy Form, Section 15.2 the last two sentences are hereby deleted.

8. No Other Amendments. Other than the forgoing, there are no further amendments or modifications to the Lease.

**TENANT: CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS**

By: \_\_\_\_\_

\_\_\_\_\_ Date

Print Name: Tootie Smith, Chair

Its: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
Office of County Counsel  
Date

\_\_\_\_\_  
Date

**LANDLORD: Happy Valley – TSL LLC & Happy Valley CET LLC**

By: <sup>DocuSigned by:</sup> Benjamin Cheng  
\_\_\_\_\_  
35613694551F42B..., Managing Member

2/2/2022  
\_\_\_\_\_  
Date