



# COUNTY OF HUMBOLDT

For the meeting of: 10/26/2021

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File #: 21-763

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**To:** Board of Supervisors

**From:** Public Works

**Agenda Section:** Consent

**SUBJECT:**

Lease with KGK, LLC., for 430 F Street, Suite B, Eureka

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Approve and authorize the Chair to execute the lease with KGK, LLC. at 430 F Street, Suite B, Eureka, for a term of Dec. 1, 2021 through Nov. 30, 2026.

**SOURCE OF FUNDING:**

Social Services Fund (1160)

**DISCUSSION:**

On Nov. 6, 2012, the Department of Health and Human Services (DHHS) entered into the lease at 430 F Street, Suite B, Eureka, with KGK, LLC., for basement storage space. The original term of the lease was through Nov. 30, 2015 and had the option to extend the lease for three (3) two (2) year terms. On Sept. 1, 2015, the Board of Supervisors authorized the first option to extend the lease. On Sept. 22, 2017, DHHS was informed that the Lessor had merged with KGK Rentals, LLC. and was now and shall remain KGK Rentals, LLC. On Nov. 14, 2017, the Board of Supervisors authorized the second option to extend the lease. On Oct. 1, 2019, the Board approved the third option to extend the lease with KGK Rentals through Nov. 30, 2021.

DHHS is required to retain various documents to comply with State and Federal Regulations. The 430 F Street, Suite B, Eureka location provides the required space for storage of such files and is located near the DHHS Administration offices at 507 F Street, Eureka. In addition, this space provides storage to meet DHHS program needs.

DHHS therefore requests the Board of Supervisors approve exercising a new lease for 430 F Street, Suite B, Eureka, with KGK, LLC. through Nov. 30, 2026 with five (5) one (1) year option terms to extend this lease.

**FINANCIAL IMPACT:**

Beginning Dec. 1, 2021, the rental expense will be \$1,860 per month. The leased premises is 6,800 square feet, approximately \$0.27 per square foot. Commencing on the first day of the month following the anniversary of execution of this lease, and of each year thereafter during the initial term or any term extension of this lease and each extended term, the monthly rent shall automatically increase by 3%. Funds have been included in Fund 1160 Budget Unit 511-Social Services. The cost of the lease will be included in future budget proposals. There is no specific funding source connected to this lease. All Social Service Branch programs will share the costs associated with this lease. Cost sharing is based off of a percent to total by program formula which is established on a quarterly basis through the County Expense Claim (CEC) submitted to the California Department of Social Services. There is no impact to the General Fund.

**STRATEGIC FRAMEWORK:**

This action supports your Board's Strategic Framework by managing our resources to ensure sustainability of services

**OTHER AGENCY INVOLVEMENT:**

Public Works, Facility Management

**ALTERNATIVES TO STAFF RECOMMENDATIONS:**

Your Board may decide not to approve this lease. However, this is not recommended as there are no other suitable locations for storage in proximity to DHHS's facility at 507 F Street.

**ATTACHMENTS:**

- Attach 1 - 2021 Lease
- Attach 2 - 2012 Lease
- Attach 3 - First Option
- Attach 4 - Lessor Name Change
- Attach 5 - Second Option
- Attach 6 - Third Option

**PREVIOUS ACTION/REFERRAL:**

- Board Order No.: C-7, C-8, C-10, C-16
- Meeting of: 11/6/12,9/1/15,11/14/17,10/1/19
- File No.: 15-949, 16-2005,17-2580, 19-1312, 21-763