



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
CS

For the meeting of: May 21, 2013

Date: April 23, 2013

To: Board of Supervisors

From: Phillip R. Crandall, Director CRB
Department of Health and Human Services

Subject: First Option to Extend the Lease at 507 F Street, Eureka

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve exercising the first option to extend the Lease at 507 F Street, Eureka with A&K Investments, LLC through September 30, 2018.
2. Authorize Public Works-Real Property Division to send a notice to Lessor that the County is exercising the first option to extend the Lease, and
3. Direct the Clerk of the Board to return one executed agenda item to Public Works-Real Property Division.

SOURCE OF FUNDING:

Social Services Fund.

DISCUSSION:

On January 14, 2003 (item C-6), the Department of Health and Human Services (DHHS) entered into a Lease (Attachment 1) with Kramer Properties, Inc. for space at 507 F Street, Eureka. DHHS occupancy of the site commenced October 1, 2003 after substantial improvements had been made to the property. In

Prepared by Michelle Tucker, Administrative Analyst

CAO Approval Amy Wilson

REVIEW:	<u>WMM</u>	County Counsel	Personnel	Risk Manager	Other
Auditor	<u>WMM</u>				

TYPE OF ITEM

Consent

Departmental

Public Hearing

Other

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor Boss Seconded by Supervisor Lovelace

Ayes: Boss, Lovelace, Sandberg, Bonn, Ferris

Nays: _____

Abstain _____

Absent _____

PREVIOUS ACTION/REFERRAL:

Board Order No. C-6, C-16 C-8

Meeting of: 01/14/03, 11/18/03 5/21/13

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated May 21, 2013

By Kathy Hayes

Kathy Hayes, Clerk of the Board

September 2003, Kramer Properties, Inc. transferred the property and premises by Corporation Deed to A&K Investments, LLC. Due to the transfer of property, the Lease had to be re-assigned. Additionally, as a result of the improvements made to the property, it was determined that the rentable space was less than originally indicated in the Lease; these issues required the Lease to be amended. On November 18, 2003 (item C-16), the Board approved the Assignment and First Amendment (Attachment 2) for the Lease of 507 F Street with Kramer Properties, Inc. Under the terms of the Lease agreement, the County has the option to extend the Lease for two (2) five (5) year terms. The Lease will expire September 30, 2013. By exercising the first option, the Lease will be extended through September 30, 2018.

DHHS utilizes this location to co-locate DHHS administrative and support services staff. Co-location and centralization of DHHS staff serve to further the County's goal of consolidation and integration across branches to enhance services and maximize revenue funding strategies. DHHS personnel located at this site include Administrative staff and support services staff for various divisions, such as Financial Services, Employees Services, Information Services, and Integrated Services.

Therefore DHHS recommends that the Board approves exercising the first option to extend the Lease for five years, authorizes the Public Works-Real Property Division to send a notice to Lessor that the County is exercising the first option to extend the Lease, and directs the Clerk of the Board to return one executed agenda item to Public Works-Real Property Division.

FINANCIAL IMPACT:

The cost of the Lease is \$2.10 per square foot \$52,672.80 per month. Lease costs include 25,132 square feet of space, 80 dedicated parking spaces, janitorial and maintenance services. The current monthly rent is included in the approved budget for Fiscal Year (FY) 2012-2013 in Funds 1160, Budget Unit 516 and will be included in the FY 13-14 proposed budget.

Costs for the Administrative space will be charged to DHHS entities (DHHS-Administration, Social Services, Mental Health, Public Health) by a cost allocation plan and claimed to the various State and Federal funding sources as appropriate to each of these DHHS entities. The majority of the Lease cost of the space will be claimed to the State through the Administrative Claim. There is no impact on the County General Fund.

Approving the first option to extend the Lease supports the Board's Strategic Framework by managing DHHS resources to ensure sustainability of services and investing in County employees.

OTHER AGENCY INVOLVEMENT:

Public Works-Real Property Division

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to extend this lease for five years; however, this alternative is not recommended because DHHS would be forced to find suitable new office space large enough to accommodate the various divisions, DHHS Administration and administrative staff members.

ATTACHMENTS:

Attachment 1: Lease for 507 F Street with Kramer Properties, Inc

Attachment 2: Assignment and First Amendment to Lease for 507 F Street