



AGENDA ITEM NO.

C-6

COUNTY OF HUMBOLDT

For meeting of: January 14, 2003

DATE: December 13, 2002

TO: BOARD OF SUPERVISORS

FROM: PHILLIP CRANDALL, DIRECTOR *PC by LH*  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBJECT: APPROVE LEASE WITH KRAMER PROPERTIES, INC. FOR DEPARTMENT OF HEALTH AND HUMAN SERVICES ADMINISTRATIVE DIVISION

RECOMMENDATION:

That the Board of Supervisors:

1. Approve and authorize the Chair to execute the lease with Kramer Properties, Inc., subject to the receipt and approval by County Counsel, Risk Management, General Services, and the Department of Health and Human Services of Attachment C-1, C-3, and C-5; and
2. Authorize General Services Director Kim Kerr to sign and record Exhibit G, Nondisturbance and Attachment Agreement; and
3. Direct the Clerk of the Board to return one executed original of the lease to Real Property Services for transmittal to the Lessor.

Prepared by: Linda Hartman, Asst. Director

CAO Approval: *K. Seckin*

REVIEW:

Auditor \_\_\_\_\_ County Counsel \_\_\_\_\_ Personnel \_\_\_\_\_ Risk Manager \_\_\_\_\_ Other \_\_\_\_\_

TYPE OF ITEMS:

- Consent
- Departmental
- Public Hearing
- Other

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor **NEELY**  
seconded by Supervisor **RODONI**  
and unanimously carried by those members present, the Board hereby adopts the recommended action contained in this report.

PREVIOUS ACTION/REFERRAL:

Board Order No. \_\_\_\_\_

Dated: *January 14, 2003*  
LORA CANZONERI, Clerk of the Board

Meeting of: \_\_\_\_\_

by: *Lora Canzoneri*

## DISCUSSION:

On December 5, 2000, the Board of Supervisors adopted an ordinance creating the Department of Health and Human Services (DHHS) consolidating the Departments of Social Services, Public Health and Mental Health into one Department. Since that time, County and DHHS staff have been working to implement the new organizational structure as directed by the Board including the consolidation of the DHHS Administrative Division and support functions and staff and the search for appropriate space to house the division. On February 19, 2002, the Board of Supervisors authorized County staff to issue an Request for Proposals (RFP) for space for the Administrative Division of the Department Health and Human Services (DHHS); to evaluate any proposals received; to select the proposal best meeting the needs of the Division; and to return to the Board to seek approval of the lease agreement. Six proposals were received and through the selection process, staff determined that the proposal submitted by Kramer Properties, Inc. for space in the Professional Building at 507 F Street, Eureka was the proposal best meeting the needs of the DHHS Administrative Division. As a result of the RFP process and the subsequent negotiations and design work, attached is the lease with Kramer Properties, Inc for 25,595 square feet of office space within the Professional Building. The facility will bring together approximately 100 DHHS administrative and support services staff currently located in 8 separate sites. The estimated date of occupancy is October 1, 2003.

Co-location of the department's administrative and support service staff will further the County's goal of consolidation across branches and of revenue enhancement and maximization through centralization of support for the integrated approaches and funding strategies the department is engaged in. Included in the facility are DHHS Administrative staff and staff from the consolidated Financial Services Division with responsibilities for fiscal claiming, revenue monitoring, budget development and tracking for all branches; the Employee Services Division with responsibility for the management of department-wide personnel, payroll, safety and risk management activities; and the Information Services (IS) Division, responsible for overseeing the Department's various information systems and for providing the IS structure necessary to assist in carrying out integrated projects. In addition, the Family Intervention Team (FIT), the County's inter-agency out-of-home placement committee, will also be housed in the facility and will include staff from DHHS as well as Probation.

While DHHS has already increased revenue to the department and county by over \$4 million dollars in the past two years, efforts at maintaining and maximizing those increases are hindered by support staff being located separately. This co-location will allow for cross training to maximize coverage, sustain and develop projects as well as facilitate the development of cost efficiencies in the use of staff resources through centralization of duties to avoid duplication, and reduced staff travel time and mileage cost between the branches.

## FINANCIAL IMPACT:

The cost of the lease is \$1.79 per square foot (\$45,815.05 per month) for the first year with annual increases as specified in the lease. Lease costs include 25,595 square feet of space, the tenant improvements required by DHHS per the RFP, 80 dedicated parking spaces, janitorial and maintenance services. The lease is for a period of 10 years with two 5 year options to renew. Should the lease be terminated by the County prior to the expiration, the County would be responsible for the cost still owing of the fully amortized tenant improvements at the time of termination in the amount of \$10,170

times the number of months remaining on the lease. There is no impact to the general fund as all DHHS branches are in their own funds.

Costs for the Administrative space will be charged to the HHS branches by a cost allocation plan and claimed to the various State and Federal funding sources as appropriate in each branch. The majority of the lease cost will be claimed to the State through the Administrative Claim. In addition, a portion of the cost of this space will be offset by current administrative and support services space expenditures as staff will be moved from the 8 current branch and other leased space locations into the new consolidated space. In some instances, the existing space will be vacated and in other instances, the existing space will be used for other branch/program space requirements, thereby eliminating the necessity of additional space related costs in another venue.

OTHER AGENCY INVOLVEMENT:

General Services Real Property Division; Public Works; County Counsel; and the County Administrative Office.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could elect to not execute this lease.