



COUNTY OF HUMBOLDT

AGENDA ITEM NO.

D-16

For the meeting of: September 20, 2016

Date: August 29, 2016

To: Board of Supervisors

From: Connie Beck, Director
Department of Health and Human Services

Subject: Second Amendment to Lease with Performance Modular, Inc. for the Modular Building Located at 2933 H Street, Eureka

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approves and authorizes the Chair to execute the second amendment to the lease with Performance Modular, Inc. (Lessor) for the modular building located at 2933 H Street, Eureka for the Time Period of December 1, 2016 through November 30, 2019;
2. Directs the Clerk of the Board to return one (1) executed original of the second amendment to the lease to the Public Works-Real Property Division for transmittal to the Lessor; and
3. Directs the Clerk of the Board to return one (1) certified copy of the Board report to the Department of Health and Human Services (DHHS)-Contract Unit.

SOURCE OF FUNDING:

Mental Health Fund

DISCUSSION:

DHHS-Mental Health has leased the modular building located at 2933 H Street, Eureka since 1993.

Prepared by Michelle Tucker, ASO

CAO Approval *[Signature]*

REVIEW Auditor *MSA* County Counsel _____ Human Resources *RH* Other _____

TYPE OF ITEM
 Consent
 Departmental
 Public Hearing
 Other

PREVIOUS ACTION/REFERRAL

Board Order No. B-1, C-2, C-16, C-9

Meeting of: 11/18/08, 10/18/11, 8/19/14, 9/01/15

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor *Fennell* Seconded by Supervisor *Bass*

Ayes *Sundberg, Fennell, Lovelace, Bohn, Bass*
Nays
Abstain
Absent

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

Dated *Sept. 20, 2016*
By *[Signature]*
Kathy Hayes, Clerk of the Board

Originally the lease was with Johnson's Mobile Solutions, who sold the modular building to Performance Modular, Inc. The new lease (Attachment 1) with Performance Modular, Inc. was entered into on November 18, 2008 (item B-1) with an expiration date of November 30, 2011. On October 18, 2011 (item C-2), the Board approved the first amendment to the lease to extend the term of the lease through November 30, 2014. The first amendment (Attachment 2) provided two (2) one (1) year options to extend the lease, under the same terms and conditions, upon 60 days written notice of the county's intent to extend the lease. The county is responsible for all utilities and janitorial service, and Performance Modular, Inc. is responsible for all costs of tear down and return, with the exception of disconnecting utilities, skirting and tie-downs. On August 19, 2014 (item C-16), the Board approved exercising the first option to extend the lease through November 30, 2015. On September 1, 2015 (item C-9), the Board approved exercising the second option to extend the lease through November 30, 2016. DHHS continues to require the use of the modular building. The second amendment to the lease modifies the lease term from December 1, 2016 through November 30, 2019 and provides the county options to extend the lease under the same terms and conditions for two (2), one (1) year terms, upon 60 days written notice of the county's intent to extend the lease.

The modular building currently houses the Hope Center, a successful, peer-run center offering wellness and recovery activities for people with a mental health diagnosis, and is closely situated to other DHHS-Mental Health services at 720 Wood Street.

Therefore, DHHS-Mental Health recommends that the Board approves the second amendment to the lease with Performance Modular, Inc. for the modular building located at 2933 H Street, Eureka, from December 1, 2016 through November 30, 2019.

FINANCIAL IMPACT:

The cost of the monthly rent for the modular is \$2407.26, plus sales tax at 8.75%, for a total cost of \$2,617.90 per month; approximately \$1.20 per square foot. Lease expenditures for this modular building have been included in the approved FY 2016-17 budget for DHHS-Mental Health, Mental Health Services Act budget unit 1170-477. There is no impact on the county General Fund.

Approving the second amendment to extend the lease supports the Board's Strategic Framework by creating opportunities for improved safety and health and helping to protect vulnerable populations.

OTHER AGENCY INVOLVEMENT:

Public Works-Real Property Division

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve the second amendment to modify the lease term from December 1, 2016 through November 30, 2019; however, DHHS-Mental Health does not recommend this alternative because the Hope Center would need to find a new location that is closely situated to other DHHS-Mental Health services at 720 Wood Street.

ATTACHMENTS:

Attachment 1: Lease Agreement with Performance Modular, Inc for 2933 H Street modular building.

Attachment 2: First Amendment to Lease with Performance Modular, Inc. for 2933 H Street modular building

Attachment 3: Second Amendment to Lease with Performance Modular, Inc. for 2933 H Street modular building (two originals)

SECOND AMENDMENT TO LEASE WITH PERFORMANCE MODULAR, INC.
2933 H STREET, EUREKA, CA

ATTACHMENT 1

Lease Agreement with Performance Modular, Inc for 2933 H Street modular building.

SECOND AMENDMENT TO LEASE

This Amendment to the Lease entered into on November 18, 2008 and amended on October 18, 2011, by and between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter called LESSEE and PERFORMANCE MODULAR, INC., hereinafter called LESSOR, is entered into this 20th day of September, 2016.

WHEREAS, the parties entered into a Lease for the use of the premises at 2933 H Street, Modular Serial Numbers MSWP367055; MSWP367056; MSWP367057, for the purpose of office space; and

WHEREAS, LESSEE and LESSOR desire to extend the term of the Lease and to amend the Lease as specified.

NOW, THEREFORE, it is mutually agreed as follows:

1. TERM of the Lease is amended to read as follows:

The term of this Lease shall be extended beginning December 1, 2016 and terminating November 30, 2019.

LESSEE has the option to extend this Lease, upon the same terms and conditions, for two (2) one (1) year terms. Each option may be exercised by LESSEE giving LESSOR notice of its intent to extend the Lease. The notice shall be in writing and shall be given to LESSOR no less than sixty (60) days prior to the end of the initial term or any one (1) year term extension.

2. In all other respects the Lease between the parties entered into on November 18, 2008 and amended on October 18, 2011 shall remain in full force and effect.

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SECOND AMENDMENT TO LEASE

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment to the Lease dated November 18, 2008, on the date indicated above.

COUNTY OF HUMBOLDT

PERFORMANCE MODULAR, INC.

BY: 
CHAIRMAN

BY: 
(Secretary, Assistant Secretary,
CFO, Assistant Treasurer)

BOARD OF SUPERVISORS

NAME: Janet Shoop

ATTEST:

(SEAL)

BY: 
(Chair, President, Vice President)

NAME: DON SHOOP

BY: 
CLERK OF THE BOARD