



COUNTY OF HUMBOLDT

For the meeting of: 10/16/2018

File #: 18-1257

To: Board of Supervisors

From: Public Works

SUBJECT:

Exercise the Third Option to Extend the Leases for Three (3) Modular Units Located at 638 West Clark Street, Eureka, with Performance Modular, Inc.

RECOMMENDATION(S):

That the Board of Supervisors approve the Department of Health and Human Services (DHHS) - Social Services' request to exercise the third option to extend the leases for three (3) modular units located at 638 West Clark Street, Eureka with Performance Modular, Inc. for the period of December 1, 2018 through November 30, 2019; authorize Public Works - Real Property Division to send a notice to Lessor that the county is exercising the third option to extend the leases; and direct the Clerk of the Board to return one (1) executed agenda item to Public Works - Real Property Division.

SOURCE OF FUNDING:

Social Services Fund
Mental Health Fund

DISCUSSION:

From 2009 to the present, DHHS has leased three (3) modular units located at 638 West Clark Street, Eureka from Performance Modular, Inc. On November 4, 2014 (item C-10), the Board approved new lease agreements for the three (3) modular units located at 638 West Clark Street, Eureka with Performance Modular, Inc. for the time period of December 1, 2014 through November 30, 2017. Each of these leases has three (3), one-year (1) options to extend. On September 20, 2016 (item D-23) the first option to extend the leases for the three (3) modular units was approved by the Board of Supervisors and extended the leases to November 30, 2017. On September 12, 2017 (item C-10) the second option to extend the lease for the three (3) modular units was approved by the Board of Supervisors and extended the leases to November 30, 2018. DHHS continues to require the use of these modular units to provide needed space for DHHS program staff. Accordingly, staff requests approval to exercise the third option to extend the lease through November 30, 2019.

FINANCIAL IMPACT:

The respective monthly costs for each of the three modular units are as follows:

<u>Modular Buildings</u>	<u>Monthly Rent</u>	<u>Monthly Sales Tax</u>	<u>Costs per square foot</u>
Building D (60'x60', #191-195)	\$3,600.00	\$306.00	approx. \$0.92 per square foot
Building E (24'x60', #183-184)	\$1,240.00	\$105.40	approx. \$1.07 per square foot
Building G (36'x110', #185-190)	\$3,950.00	\$335.75	approx. \$0.92 per square foot

The total cost of the three (3) leases is \$9,537.15 per month or \$114,445.80 annually. It should be noted that the monthly sales tax is subject to change upon modifications by the City of Eureka. These costs are included in the fiscal year 2018-19 county approved budget in fund 1160, budget unit 511 - Social Services for Building D and Building E, and fund 1170, budget unit 477 - Mental Health Services Act for Building G. There is no impact to the county's General Fund.

Exercising the third option to extend the leases supports the Board's Strategic Framework by continuing to create opportunities for improved safety and health and protecting vulnerable populations.

OTHER AGENCY INVOLVEMENT:

Public Works - Real Property Division

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve exercising the third option to extend the leases for the three (3) modular units. However, DHHS does not recommend this alternative because these programs would have to find adequate replacement office space to carry on operations.

ATTACHMENTS:

Exhibit 1 - November 4, 2014 Lease No. 1634 for Building D

Exhibit 2 - November 4, 2014 Lease No. 1635 for Building E

Exhibit 3 - November 4, 2014 Lease No. 1636 for Building G

PREVIOUS ACTION/REFERRAL:

Board Order No.: D-23, C-10, C-10

Meeting of: 9/20/2016, 11/04/2014, 9/12/2017