



COUNTY OF HUMBOLDT

For the meeting of: 11/12/2019

File #: 19-1551

To: Board of Supervisors

From: Public Works

Agenda Section: Consent

SUBJECT:

Ratify Approval for Lease at 555 H Street, Eureka, Suites B, H & F

RECOMMENDATION(S):

That the Board of Supervisors:

1. Ratify and approve county's option to continue the lease with PWM, Inc. and Fred Lundblade on a month to month tenancy during the holdover period under all the terms and conditions of the lease; and
2. Authorize the increase in lease payment amounts during the holdover period pursuant to the terms of the lease.

SOURCE OF FUNDING:

General Fund (1100)

DISCUSSION:

On June 24, 2008, the county entered into a lease agreement with PWM, Inc. and Fred Lundblade ("Lessor") for two thousand seven hundred ninety (2,790) square feet of office space at 555 H Street, Eureka, Suites B and H, and three hundred seventy-two (372) square feet of office space at 555 H Street, Eureka, Suite F for a period beginning on November 1, 2008 through October 31, 2013, with annual rent increases of 3 percent throughout the duration of the lease and its options to extend (Attachment No. 1 - Lease). The monthly rent amount was Four Thousand Eight Hundred Six Dollars (\$4,806) or One Dollar and Fifty-Two Cents (\$1.52) per square foot.

On July 16, 2013, the county exercised its First Option to extend the lease for a period beginning on November 1, 2013, through October 31, 2015 (Attachment No. 2 - Lease Option No. 1). The monthly rent amount was Five Thousand Five Hundred Seventy-One Dollars and Forty-Seven Cents (\$5,571.47) or One Dollar and Seventy-Six Cents (\$1.76) per square foot.

On September 8, 2015, the county exercised its Second Option to extend the lease for a period beginning on November 1, 2015, through October 31, 2017 (Attachment No. 3 - Lease Option No. 2). The monthly rent amount was Five Thousand Nine Hundred Ten Dollars and Seventy-Eight Cents

(\$5,910.78) or One Dollar and Eighty-Seven Cents (\$1.87) per square foot.

On October 24, 2017, the county entered into a First Amendment to lease agreement to extend the lease for a period beginning on November 1, 2017, through October 31, 2019, with two (2), one (1) year option terms (Attachment No. 4 - First Amendment). The monthly rent amount was Six Thousand Two Hundred Seventy Dollars and Seventy-Four Cents (\$6,270.74) or One Dollar and Ninety-Eight Cents (\$1.98) per square foot.

A prerequisite of exercising the county's one (1) year option to extend the lease to October 31, 2020, requires the Lessor to provide a facility that complies with the Americans with Disability Act (ADA) and other accessibility requirements. The premises have been surveyed by the Independent License Architect (ILA) as part of the Consent Decree with the United States Department of Justice (Attachment No. 5 - ADA Access Compliant Assessment). The Lessor has been informed of the existing accessibility barriers that must be removed.

Under the terms of the lease, the county's option to continue on a holdover basis was not met with the sixty (60) day requirement of notice prior to the lease term end date of October 31, 2019. Due to the late notice and to ensure the holdover period was granted before the lease term end date of October 31, 2019, Public Works approved and submitted the Holdover Letter (Exhibit No. 6 - Holdover Letter). The monthly rent will increase during the holdover period to Six Thousand Six Hundred Fifty-Two Dollars and Sixty-Three Cents (\$6,652.63) or Two Dollars and Ten Cents (\$2.10) per square foot with annual 3 percent annual increases pursuant to the terms and conditions of the June 24, 2008, lease.

The Probation Department recommends that your Board ratify and authorize continuance of the lease on a month to month tenancy period as described in the lease until the premises comply with the ADA and other accessibility requirements and either a new lease can be negotiated or until alternative office space can be found.

FINANCIAL IMPACT:

Beginning November 1, 2019, the monthly lease costs for the premises consisting of three thousand one hundred sixty-two (3,162) square feet will increase by 3 percent to Six Thousand Six Hundred Fifty-Two Dollars and Sixty-Three Cents (\$6,652.63) or Two Dollars and Ten Cents (\$2.10) per square foot. The Probation Department has budgeted this rent cost for fiscal year 2019-20 in budget unit 235 and there will be no additional impacts to the county's 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 - Real Property Division

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board at its discretion, can elect not to authorize continuance of the lease on a month to month

tenancy period, however this alternative is not recommended because the Probation Department will need to find suitable new office space that is currently not available.

ATTACHMENTS:

Attachment No. 1 - Lease

Attachment No. 2 - Lease Option No. 1

Attachment No. 3 - Lease Option No. 2

Attachment No. 4 - First Amendment

Attachment No. 5 - ADA Access Compliant Assessment

Attachment No. 6 - Holdover Letter

PREVIOUS ACTION/REFERRAL:

Board Order No.: D-22, C-15, C-10 & C-24

Meeting of: 6/24/07, 7/16/13, 9/08/15 & 10/24/17

File No.: N/A