



COUNTY OF HUMBOLDT

For the meeting of: 12/3/2024

File #: 24-1506

To: Board of Supervisors

From: Public Works

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Lease Agreement with Eureka Old Town, LLC Regarding the Use of Office Space and Associated Parking Lots Located at 507 F Street, Eureka, California and 510 Fifth Street, Eureka, California

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve, and authorize the Chair of the Board to execute, the attached lease agreement with Eureka Old Town, LLC regarding the use of office space and associated parking lots located 507 F Street, Eureka, California and 510 Fifth Street, Eureka, California; and
2. Direct the Clerk of the Board to return one (1) fully executed original copy of the attached lease agreement with Eureka Old Town, LLC to the Real Property Division of the Department of Public Works for further processing.

STRATEGIC PLAN:

The recommended actions support the following areas of the Board of Supervisors' Strategic Plan:

Area of Focus: Safe & Healthy Communities

Strategic Plan Category: 1001 -Support and sustain partnerships between public safety and partner agencies to enhance public safety in our communities

DISCUSSION:

On January 14, 2003, the Department of Health and Human Services ("DHHS") entered into a Lease with Eureka Old Town, LLC, formerly known as Kramer Properties, for use of office space and two (2) associated parking lots located at 507 F Street, Eureka, California. The initial 2003 lease term was for ten (10) calendar years, with two (2) five (5) year options to extend the lease to September 30, 2023. On December 13, 2005, entered into a Lease with Eureka Old Town, LLC for use of the office space located at 510 Fifth Street, Eureka, California. The initial lease term was for eight (8) years, beginning on January 1, 2006, with two (2) five (5) year options to extend the lease to December 31, 2023. Leasing these facilities gave DHHS the opportunity to consolidate the DHHS Administrative Division, support functions and associated staff.

The County of Humboldt and Eureka Old Town, LLC have negotiated the attached lease agreement which encompasses office space and associated parking lots located at both 507 F Street, Eureka, California and 510 Fifth Street, Eureka, California. The initial lease term shall begin on November 12, 2024 and terminate on December 31, 2033; with two (2) five (5) year options to extend the lease upon the same terms and conditions. Eureka Old Town, LLC has agreed to complete required Americans with Disabilities Act accessibility barrier removal by June 30, 2028.

SOURCE OF FUNDING:

Department of Health and Human Services Administration (1160-516)

FINANCIAL IMPACT:

Expenditures (1160-516)	FY24-25	FY25-26 Projected*	FY26-27 Projected*
Budgeted Expenses	\$488,550.51	\$856,359.27	\$882,050.04
Total Expenditures	\$488,550.51	\$856,359.27	\$882,050.04
Funding Sources (1160-516)	FY24-25	FY25-26 Projected*	FY26-27 Projected*
State/Federal Funds	\$488,550.51	\$856,359.27	\$882,050.04
Total Funding Sources	\$488,550.51	\$856,359.27	\$882,050.04

*Projected amounts are estimates and are subject to change.

Expenditure appropriations related to the attached lease agreement with Eureka Old Town, LLC were included in the approved fiscal year 2024-2025 budget for DHHS - Administration budget unit 1160-516. The monthly lease payments shall be Sixty-Nine Thousand Seven Hundred Ninety-Two Dollars and Ninety-Three Cents (\$69,792.93) with an annual rental increase of three percent (3%) occurring each October. Funding for the attached lease agreement with Eureka Old Town, LLC is available through braided revenues from 54.9% Social Services (SS), 26.3% Behavioral Health (BH), and 18.1% Public Health (PH). The combined braided funding consists of: 40% Federal Funding, 9% State Funding, 38% Realignment, 9% County, 2% MHSA, and 2% Grants.

DHHS has and will continue to implement cost savings strategies to maximize federal revenue, reduce costs, and operate efficiently to accommodate the cost of this lease agreement and reach the goal of ultimately eliminating the fund deficits it currently has.

STAFFING IMPACT:

Approval of the attached lease agreement with Eureka Old Town, LLC will not impact current staffing levels.

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board may decide not to approve the attached lease agreement with Eureka Old Town, LLC regarding the use of office space and associated parking lots located 507 F Street, Eureka, California and 510 Fifth Street, Eureka, California. However, this alternative is not recommended since the office space and associated parking lots located 507 F Street, Eureka, California and 510 Fifth Street, Eureka, California house several DHHS divisions that work closely together and it would be difficult to lease another similar facility within a reasonable amount of time.

ATTACHMENTS:

1. Lease Agreement with Eureka Old Town, LLC Regarding the Use of Office Space and Associated Parking Lots Located at 507 F Street, Eureka, California and 510 Fifth Street, Eureka, California

PREVIOUS ACTION/REFERRAL:

Meeting of: 1/14/2003; 12/13/2005; 10/19/18; 12/19/2023

File No.: N/A; N/A; 18-1263; 23-1651