



COUNTY OF HUMBOLDT

For the meeting of: 11/6/2018

File #: 18-1384

To: Board of Supervisors

From: Public Works

SUBJECT:

Lease for Development of Health and Human Services (DHHS) for One Stop Access to Program Services in McKinleyville

RECOMMENDATION(S):

That the Board of Supervisors approve and authorize the chair to execute the lease with KHM Humboldt Properties, LLC; authorize the Director of Public Works to sign and record a Nondisturbance and Attornment Agreement in the form of Exhibit I and, subject to County Counsel approval, to execute any related documents that may be necessary for subordination of the lease in accordance with Article 14 of the Lease; and direct the Clerk of the Board to return one (1) executed original of the lease to Real Property.

SOURCE OF FUNDING:

Social Services Fund 1160, Public Health Fund 1175, and Mental Health Fund 1170.

DISCUSSION:

On March 1, 2016 (Attachment 2), the Board of Supervisors authorized county staff to issue a Request for Proposals (RFP) for approximately Thirteen Thousand (13,000) square feet of lease space for the proposed Center in McKinleyville. Your Board also authorized county staff to evaluate all proposals received, to select the proposal best meeting the needs of the department, and to return to your Board for approval of the selected proposal and authorization to negotiate a lease agreement with the selected proposer.

The project, named The Center in McKinleyville, is a service-integration project designed to serve the McKinleyville area. In collaboration with community partners, DHHS would provide a wide range of services to the community from Mental Health, Public Health and Social Services. Approximately one quarter of county services are being provided for residents of the northern region. DHHS staff located at The Center will be existing allocated positions as The Center moves the service location rather than increasing services provided. While residents will always have the choice of where to access services, this facility would be more convenient to many residents from McKinleyville north.

Proposed services are briefly described below.

- Child Welfare Services (CWS), which receives and investigates reports of possible child abuse and neglect and provides services to families needing assistance to protect and care for their children. Federal and state laws require services that protect vulnerable children.
- Adult Protection Services (APS), which investigates reports of abuse and neglects and provides services to elders and dependent adults who are unable to protect themselves. Federal and state laws require services that protect vulnerable adults.
- Women, Infants & Children Supplemental Nutrition Program (WIC), which helps income-eligible pregnant women, breastfeeding women, post-partum women, and children under five expand their access to specific nutritious foods. WIC is a federal entitlement program.
- Nurse-Family Partnership, which is a parenting program for low-income mothers pregnant with their first child. Each mother served by this national program is partnered with a registered nurse early in her pregnancy and receives parenting support and guidance through her child's second birthday. This is an optional evidence-based program funded by federal, state and local funds.
- California Work Opportunity and Responsibility to Kids (CalWORKS), which is California's version of the federal Temporary Assistance to Needy Families program. It provides limited cash assistance to families working toward self-sufficiency. Parents in the CalWORKs program are required to participate in work-focused activities through Welfare-to-Work. CalWORKs is a federal entitlement program.
- CalFresh, formerly called food stamps, which is California's version of the Supplemental Nutrition Assistance Program

- (SNAP). Most recipients of CalFresh are children and working families. CalFresh is a federal entitlement program.
- Medi-Cal, California's name for the federal Medicaid program, which is health insurance for low and middle-income individuals and families. More than a third of Humboldt County residents are insured through Medi-Cal, which is a federal entitlement program.
 - Job Search and Employment Training services, which are provided to any interested job seeker and include one-on-one vocational counseling, local hiring information, practice interviews and assistance with resume development. Special assistance is available for veterans, youth ages 16 to 24, seniors age 55 and over, and individuals with disabilities.
 - Children's Mental Health, which provides services to Medi-Cal eligible children, including outpatient counseling with licensed therapists and clinical social workers. Services are provided to eligible children and families under a combination of federal and state mandates.
 - New Parents Group, which connects new moms and dads to each other and to community resources.
 - Food pantry distribution, which includes canned goods, dry goods, staples and fresh produce, as currently distributed by the McKinleyville Family Resource Center (MFRC) would continue.
 - Field Nursing, which improves community wellness through "health promotion" and home visits. Some field nursing activities, specifically those dealing with communicable disease, are mandated by federal law.
 - Volunteering opportunities, which would be coordinated through and hosted by The Center. Currently more than 25 volunteers contribute an average of 250 hours a month at the McKinleyville Family Resource Center.
 - Evening programs that would provide opportunities for neighbors and community members to meet and grow. Community rooms, classrooms and a playground would be available.
 - Resource and referral services to be provided by MFRC staff.
 - Case management for those who need more than quick referral.
 - Nutrition classes and presentations provided by trained Public Health staff.
 - Child Support Services.

Additional partners to occupy The Center will include the McKinleyville Family Resource Center and other community organizations. These subleases will be brought forward to the Board of Supervisors for approval at a later date. Any additional subleases also required landlord approval.

Two proposals (Attachments 3a & 3b) were received and through the selection process, staff determined that the proposal submitted by Kevin McKenny, individually, for new building construction at 1615 Heartwood Dr., McKinleyville was the proposal best meeting the needs of the Department.

On November 8, 2016 (Attachment 3), staff returned to your Board and received approval for the selection of K.H. McKenny Inc.'s proposal. Please note that there is a clerical error in naming "K.H. McKenny, Inc." as the proposer. The correct name is Kevin McKenny as an individual per his proposal. Your Board also authorized staff to continue negotiations of the lease and return to your Board for approval of the negotiated lease.

Between November 2016 and June 2018, a number of things have changed with this original proposal that have resulted in an increased cost of this project:

- Prevailing wage and material cost increases
- Additional locked door locations were required for mandated Mental Health, Eligibility and Child Welfare Services security compliance mandating the installation of a fire sprinkler system.
- An additional stairway access was added to support confidential and security requirements for optional second floor space access.
- Design change to future optional space area to include windows for natural light.
- Conversion of the lobby public bathrooms from men's and women's baths to family style baths with children changing tables.
- Conversion of lobby waiting area space to add a parent monitored kids play area.
- Addition of a children's bathroom to the toddler classroom for support of child safety.
- Addition of a pantry with accommodations for freezer and refrigeration units for food storage.
- Improved commercial kitchen layout for training classes and other activities.
- Miscellaneous design changes and corrections: Extra bath in Family Resource Center area, addition of an exit door in interview area, addition of a sink in medical exam room, children's outside play area modifications and rework of the lobby reception counter area layout.

The lease agreement increased from the initial proposal from two dollars and sixteen cents (\$2.16) per square foot per month to two dollars and twenty-nine cents (\$2.29) per square foot per month. The increase is due to changes to the original proposal highlighted above.

Staff is returning to your Board to request approval of the lease agreement. As a result of the RFP process and subsequent negotiations and design work, attached is the lease with KHM Humboldt Properties, LLC for Thirteen Thousand Four Hundred (13,400) square feet of office space at a cost of thirty thousand six hundred eighty six dollars (\$30,686.00), equivalent of two dollars and twenty nine cents (\$2.29) per square foot per month, with a 2.25 percent minimum up to 4.00 percent maximum annual consumer price index (CPI) adjustment. The lease term is for a period of ten (10) years with two (2), five (5) year options to renew. The estimated date of occupancy is September 1, 2019. Please note that the proposed lease agreement is with KHM Humboldt Properties, LLC. Staff understands that Mr. McKenny intends to transfer the real property on which the project is located to KHM Humboldt Properties, LLC before the execution of this lease.

The lease agreement also limits the use of the premises and services that may be provided at The Center. This limitation on the use is to address the concerns raised by your Board and members of the public at the November 8, 2016 meeting. Services that would not be provided at The Center as specified in the lease agreement under Article 3.1 are “homeless overnight housing, camping, or issuance of General Relief benefits.”

FINANCIAL IMPACT:

Upon Board approval, funding for this project would be budgeted in the Social Services Fund 1160, Budget Unit 511, Mental Health Fund 1170, Budget Unit 424 and Public Health Fund 1175, Budget Unit 416 in Fiscal Year 2019-20. The annual cost of this lease totals Three Hundred Sixty Eight Thousand Two Hundred Thirty-Two Dollars (\$368,232). Costs will be partially offset by vacating existing leased space, with the balance being paid by federal and state funding and grants, as well as Social Services, Mental Health and Public Health Realignment. There will be no financial impact to the County General Fund, nor to the approved DHHS Budgets for Fiscal Year 2018-19.

Approving the staff selected proposal would support the Board’s Strategic Framework by providing for and maintaining infrastructure and create opportunities for improved safety and health of our community while supporting business and workforce development.

OTHER AGENCY INVOLVEMENT:

Humboldt County Department of Public Works

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board can decide not to accept the Lease. This is not recommended, as DHHS would be obligated to find another location to provide services in McKinleyville.

ATTACHMENTS:

- 1 - Lease
- 2 - Exhibit A of Lease
- 3 - Exhibit B of Lease
- 4 - Exhibit C of Lease
- 5 - Exhibit C-1 of Lease
- 6 - Exhibit C-2 of Lease
- 7 - Exhibit C-3 of Lease
- 8 - Exhibit D of Lease
- 9 - Exhibit E of Lease
- 10 - Exhibit E-1 of Lease
- 11 - Exhibit F of Lease
- 12 - Exhibit G of Lease
- 13 - Exhibit H of Lease
- 14 - Exhibit I of Lease
- 15 - Attachment 4 of Lease
- 16 - Attachment 2 - Executed Board Agenda dated March 1, 2016
- 17 - Attachment 2a. - Request for Proposal
- 18 - Attachment 2b - Advertisement
- 19 - Attachment 2c - Strategic Space Plan

File #: 18-1384

20 - Attachment 3 - Executed Board Agenda dated November 8, 2016
21 - Attachment 3a - McKenny Proposal
22 - Attachment 3b - McKinleyville Community Collaborative Proposal
23 - Attachment 3c. - Public Comment

PREVIOUS ACTION/REFERRAL:

Board Order No.: C-13, I-1

Meeting of: 3/01/16, 11/08/16