



COUNTY OF HUMBOLDT

For the meeting of: 1/8/2019

File #: 18-1653

To: Board of Supervisors

From: Public Works

Agenda Section: Consent

SUBJECT:

Request to Approve Third Amendment to the Lease at 2440 Sixth Street, Eureka, with Humboldt Partners

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the third amendment to the lease with Humboldt Partners at 2440 Sixth Street, Eureka, for office space for the Department of Health and Human Services (DHHS) to add real property located at 2430 and 2426 Sixth Street, Eureka;
2. Authorize the Chair of the Board to sign two (2) originals of the Third Amendment to the Lease; and
3. Direct the Clerk of the Board to return one (1) executed original of the Third Amendment to the Lease to Public Works - Real Property - for transmittal to Lessor.

SOURCE OF FUNDING:

Social Services Fund

DISCUSSION:

On April 14, 2015, the Board approved a Lease with Humboldt Partners for 2440 Sixth Street, Eureka (Attachment No.1 - Lease). On April 5, 2016, the Board approved a First Amendment to the Lease (Attachment No. 2 - First Amendment). The First Amendment increases the square footage of leased space by combining the leased space at 2440 Sixth Street with new leased space at 2426 Sixth Street and 2430 Sixth Street. On February 6, 2018, the Board approved a Second Amendment to the Lease (Attachment No. 3 - Second Amendment). The Second Amendment initiates use of professional services to design interior improvements for additional use of public services, with subsequent bidding to award a contract for construction.

DHHS wishes to enter into a Third Amendment with Humboldt Partners to facilitate construction costs associated with the interior improvements at county expense and to revise the term of the lease from seven (7) years to ten (10) years, effective on the date of receiving the landlord's issuance of a notice to proceed with construction.

FINANCIAL IMPACT:

County will pay Lessor a base monthly rental amount of Ninety Three Thousand One Hundred Fifty One Dollars and Seventy Nine Cents (\$93,151.79). On August 19, 2019 and continuing each year thereafter during the initial term and options one and two to extend the Lease, annual rent shall be adjusted by percentage increase or decrease of the Consumer Price Index (CPI). On August 1, 2029 the rent payable by County will be equal to the Fair Market Rental Value of the premises.

In addition, the county will reimburse the Lessor in the amount of One Million Thirty Thousand Three Hundred Fifty Six Dollars (\$1,030,356.00) for costs to complete construction of COUNTY'S proposed tenant improvements, plus a carrying fee of 6.5 percent (%) amortized over the term of the lease. This expenditure will reside in fund 1160, budget unit 511 upon completion of the project. Should the project be completed in FY 2018-19, there are sufficient savings in fund 1160 to cover costs. All future costs will be budgeted through the county budget process per year for up to 10 years.

Approving the Third Amendment to Lease supports the Boards Strategic Framework by managing resources to ensure sustainability of services and creating opportunities for improved health and safety as well as protecting vulnerable populations

OTHER AGENCY INVOLVEMENT:

Public Works - Real Property Division

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve this Third Amendment to the Lease; however, this is not recommended as it would not support the goal to offer public services from a central location.

ATTACHMENTS:

No. 1 - Lease

No. 2 - First Amendment

No. 3 - Second Amendment

No. 4 - Third Amendment (in duplicate)

PREVIOUS ACTION/REFERRAL:

Board Order No.: C-9, C-10 & C-18

Meeting of: 4/14/15, 4/05/16 & 2/06/18