



COUNTY OF HUMBOLDT

For the meeting of: 10/1/2019

File #: 19-1312

To: Board of Supervisors

From: Public Works

Agenda Section: Consent

SUBJECT:

Third Option to Extend the Lease at 430 F Street, Suite B, Eureka

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the exercising of the third option to extend the lease at 430 F Street, Suite B, Eureka with KGK Rentals, LLC through November 30, 2021; and
2. Authorize Public Works - Real Property Division to send a notice to the Lessor that the county is exercising the third option to extend the lease.

SOURCE OF FUNDING:

Social Services Fund (1160)

DISCUSSION:

On November 6, 2012, the Department of Health and Human Services (DHHS) entered into the lease at 430 F Street, Suite B, Eureka, with CUE, LLC for storage space (Attachment No. 1 - Lease). The original term of the lease was through November 30, 2015, and had the option to extend the lease for three (3) two (2) year terms. On September 1, 2015, the Board of Supervisors authorized the first option to extend the lease (Attachment No. 2 - First Option). On September 22, 2017, DHHS was informed that the Lessor had merged with KGK Rentals, LLC and is now and shall remain KGK Rentals, LLC (Attachment No. 3 - Lessor Name Change). On November 14, 2017, the Board of Supervisors authorized the second option to extend the lease (Attachment No. 4 - Second Option).

DHHS is required to retain various documents to comply with State and Federal Regulations. The 430 F Street, Suite B, Eureka location provides the required space for storage of such files and is located near the DHHS Administration offices at 507 F Street, Eureka. In addition, this space provides storage to meet DHHS program needs.

DHHS is therefore requesting continued use of Suite B by having the Board approve exercising the third option to extend the lease with KGK Rentals, LLC through November 30, 2021.

FINANCIAL IMPACT:

Beginning December 1, 2019, the monthly rental expense will increase 2 percent, from \$1,769.00 to \$1,804.00, for Six Thousand Eight Hundred (6,800) square feet, or \$0.26 per square foot, which includes electricity, gas, refuse collection, water and sewer. Funds have been included in Fund 1160, Budget Unit 505-Social Services. There is no specific funding source connected to this lease. All Social Service Branch programs will share the costs associated with this lease. Cost sharing is based off of a percent to total by program formula which is established on a quarterly basis through the County Expense Claim (CEC) submitted to the California Department of Social Services. There is no impact to the 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:

Your Board could choose not to approve exercising the third option to extend the lease. However, this is not recommended as there are no other suitable locations for storage in proximity to 507 F Street.

ATTACHMENTS:

Attachment No. 1 - Lease

Attachment No. 2 - First Option

Attachment No. 3 - Lessor Name Change

Attachment No. 4 - Second Option

PREVIOUS ACTION/REFERRAL:

Board Order No.: C-7, C-8, C-10

Meeting of: 11/06/12, 9/01/15, 11/14/17

File No.: 19-1312