

STAFF REPORT

City Council Consent Item

DATE: March 6, 2023

TO: Honorable Mayor and Council Members

FROM: Merritt Perry, City Manager

SUBJECT: Lease agreement between City of Fortuna and Humboldt County for Library Building

STAFF RECOMMENDATION:

Authorize the City Manager to negotiate terms and finalize a lease agreement with the County of Humboldt for the Fortuna Library building.

INTRODUCTION:

The City of Fortuna owns the building that houses the Fortuna Library at 753 14th Street. The Library is currently operated by the County of Humboldt consistent with a memorandum of understanding (MOU) executed in 1990, Attachment A. In accordance with the MOU, the City provides the building maintenance, janitorial and utilities and the County provides staff and operates the library.

On October 19, 2022, the City was awarded \$219,083 through the Building Forward Library Infrastructure (BFLI) grant administered by the California State Library for upgrades to the library building including accessibility and energy efficiency improvements. The Council authorized the execution of the grant agreement on November 21, 2022.

The grant guidelines require a formal lease agreement between the grantee and sub recipient to ensure that the improvements will be in place and used for library purposes for at least 15 years. In order to satisfy this condition, the County provided the City with a draft lease intended to replace the existing MOU.

There were a number of provisions in the draft lease provided by the County that could pose a significant liability to the City. The City Manager and City Attorney reviewed the lease and provided suggested changes back to the County for review. This draft lease with suggested changes is attached as Attachment B.

It is necessary to finalize the provisions in this lease with the County and return the executed lease the California State Library agency to finalize the grant within the next couple of weeks. It is anticipated that the County will approve the lease at the next Board of Supervisors Meeting on March 14th.

Staff requests that the Council authorize staff to negotiate the lease on behalf of the City and execute the lease in order to satisfy the grant timeline with eh California State Library agency. The

lease clearly outlines the rights and responsibilities of the City as the property owner and the County as the operator of the Fortuna Library.

FINANCIAL IMPACT:

Execution of the Lease will allow the City to proceed with the grant project and improve the library building at no cost to the City. The County will provide the required match and complete the design and construction oversight of the project. The grant amount is \$219,083 and the value will be added to the city-owned library building. Additionally, the addition of solar and batteries, and updated HVAC equipment will reduce the utility bills over the life of the building that are paid for by the City.

RECOMMENDED COUNCIL ACTION:

Authorize the City Manager to negotiate and execute a lease with the Count of Humboldt for use of the library building. Consent agenda vote.

ATTACHMENTS:

- Exhibit A—Original MOU with the County of Humboldt for Use of Library Building
- Exhibit B—Draft Lease with Proposed Changes Tracked