

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

December 16, 2025

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
GEORGINA YOSHIOKA, Director, Department of Behavioral Health**

SUBJECT

Amendment to Lease Agreement with Vanderbilt Partners, LLC for Office Space in San Bernardino

RECOMMENDATION(S)

1. Find that approval of Amendment No. 4 to Lease Agreement No. 13-702 with Vanderbilt Partners, LLC for office space is an exempt project under the California Environmental Quality Act Guidelines Section 15301 - Existing Facilities (Class 1).
2. Approve **Amendment No. 4 to Lease Agreement No. 13-702** with Vanderbilt Partners, LLC, using an alternative procedure as allowed per County Policy 12-02 – Leasing Privately Owned Real Property for County Use, to:
 - a. Extend the lease term an additional five years, from February 1, 2030 through January 31, 2035, with two five-year extension options remaining, for the Department of Behavioral Health's continued occupancy of approximately 70,000 square feet of office space located at 303 East Vanderbilt Way in San Bernardino.
 - b. Adjust the rental rate schedule and update standard lease agreement language.
 - c. Increase the total lease amount by \$12,423,384 from \$29,644,450 to a new total amount of \$42,067,834.
 - d. Revise the County's termination right for convenience to permit termination on or after February 1, 2035, with 90 days' prior written notice.
 - e. Update the option to purchase date to allow the County to exercise its option to purchase the premises any time between February 1, 2029 and January 31, 2030.
 - f. Include Tenant Improvement provisions, requiring Vanderbilt Partners, LLC to complete a carpet and paint refresh throughout the building, excluding the first floor, per Paragraph 13 of Lease Agreement No. 13-702, and establishing procedures for future tenant improvements requested by the County.
3. Direct the Real Estate Services Department to file the Notice of Exemption in accordance with the California Environmental Quality Act.

(Presenter: Terry W. Thompson, Director, 387-5000)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Provide for the Health and Social Services Needs of County Residents.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). Payments under Amendment No. 4 (Amendment) to Lease Agreement No. 13-

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702 (Lease) will continue to be made from the Real Estate Services Department (RESD) Rents budget (7810001000) and reimbursed by the Department of Behavioral Health's (DBH) budget (9200002200), which is funded by Federal Financial Participation Medi-Cal, Mental Health Services Act, and Realignment funds. Sufficient appropriation and revenue are included in the 2025-26 RESD Rents and DBH budgets and will be included in future recommended budgets. Annual lease costs are as follows:

| Period | Lease Cost |
|-------------------------------------|---------------------|
| February 1, 2030 – January 31, 2031 | \$2,340,000 |
| February 1, 2031 – January 31, 2032 | \$2,410,200 |
| February 1, 2032 – January 31, 2033 | \$2,482,512 |
| February 1, 2033 – January 31, 2034 | \$2,556,984 |
| February 1, 2034 – January 31, 2035 | \$2,633,688 |
| Total Cost | \$12,423,384 |

BACKGROUND INFORMATION

Following the County Board of Supervisors' (Board) approval of Amendment No. 3 on January 28, 2025 (Item No. 54), which extended the Lease through January 31, 2030, and included a one-year purchase option, the County approached Vanderbilt Partners, LLC (Landlord) to request an extension of the purchase option period to allow additional time to evaluate potential acquisition of the property.

As part of those negotiations, the Landlord requested a five-year extension of the existing Lease term in exchange for agreeing to extend the County's purchase option. The negotiation also included other mutually beneficial adjustments, including revising the County's right to terminate for convenience to align with the new Lease term, and establishing provisions allowing for future tenant improvements requested by the County during the extended term.

Under the recommended Amendment, the Lease term will be extended five years through January 31, 2035, with rent unchanged at the current rate of \$195,000 per month through January 31, 2031, followed by three percent annual increases thereafter.

The recommended Amendment also updates the County's purchase option period, allowing the County to exercise its option to purchase the property between February 1, 2029 and January 31, 2030, prior to commencement of the extended term.

In addition, the recommended Amendment requires the Landlord to complete a carpet and paint refresh throughout the building (excluding the first floor) pursuant to Paragraph 13 (Maintenance) of the Lease, and provides that the County may, during the extended term, request additional tenant improvements to accommodate operational needs. Such improvements will be mutually agreed upon regarding scope, schedule, and cost allocation, and any work performed by the Landlord will be required to comply with prevailing-wage laws and County standards.

Since the inception of the Lease, the Board has approved amendments to reflect a change of ownership from F&R County Building, LLC, to the Landlord; an increase to the leased area to 70,000 square feet; a change in the commencement and end dates, the date the County can terminate the Lease, extend the Lease term, approve an Option to Purchase the property, and adjustments to the rent schedule.

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| Amendment No. | Approval Date | Item No. |
|----------------------|----------------------|-----------------|
| 1 | March 11, 2014 | 30 |
| 2 | October 7, 2014 | 37 |
| 3 | January 28, 2025 | 54 |

This location remains a critical behavioral health hub serving county residents, housing administrative and clinical operations for DBH. Maintaining the current location ensures continuity of services, avoids relocation costs, and supports efficient delivery of programs in the San Bernardino region.

RESD reviewed comparable lease data and determined that the extended Lease terms and rate remain competitive within the San Bernardino office market, while preserving flexibility for the County through the future purchase option and termination provisions.

The project to approve the Amendment was reviewed pursuant to the California Environmental Quality Act (CEQA) and is an exempt project under CEQA Guidelines, Section 15301 - Existing Facilities (Class 1). Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use. The proposed Amendment is to secure property to operate within the existing structure with negligible or no expansion of existing use.

On August 20, 2013 (Item No. 56), the Board approved the Lease, which was procured according to County Policy No. 12-02 - Leasing Privately Owned Real Property for County Use (Policy), using a Solicitation of Proposals. Policy 12-02 provides that the Board may approve the use of an alternative procedure to the use of a Formal Request for Proposal (RFP) process whenever the Board determines that compliance with the Formal RFP requirements would unreasonably interfere with the financial or programmatic needs of the County, or when the use of an alternative procedure would otherwise be in the best interest of the County. The Policy also requires a thorough and detailed review by the County Administrative Office or designee to validate the need for and provide a competitive analysis of any lease with a term of more than 20 years. Extending the term of the Lease five years for the period of February 1, 2030 through January 31, 2035, will provide for an aggregate term of 20 years.

RESD completed a competitive analysis of the market and found the rental rate for the extended term to be competitive, this facility best meets the requirements of DBH, minimizes disruption to the program activities, saves on relocation cost, and will allow DBH to continue to serve the residents in the San Bernardino area.

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Summary of Lease Terms

| | |
|-----------------------|--|
| Lessor: | Vanderbilt Partners, LLC Jian Torkan, President |
| Location: | 303 East Vanderbilt Way, San Bernardino |
| Size: | Approximately 70,000 square feet of office space |
| Second Extended Term: | Five years, February 1, 2030 through January 31, 2035 |
| Options: | Two five-year options |
| Rent: | Cost per square foot per month: \$2.78* Monthly: \$195,000 Annual: \$2,340,000 *High-range for comparable facilities in the San Bernardino area per the competitive set analysis on file with RESD |
| Annual Increases: | Approximately 3% annually beginning February 1, 2031 |
| Holdover: | With the consent of the Landlord with the same terms and conditions, including rent |
| Improvement Costs: | Lessor's responsibility, heating, ventilation and air conditioning, interior improvements, plumbing systems, landscape irrigation system, window glass |
| Custodial: | Provided by Lessor |
| Maintenance: | Provided by Lessor |
| Utilities: | Provided by Lessor, subject to an electrical utility expense cap of \$0.22 per square foot, increased annually by 2% |
| Insurance: | The Certificate of Liability Insurance, as required by the Lease, is on file with RESD |
| Right to Terminate: | County may terminate for convenience on or after February 1, 2035, with 90 days' notice |
| Option to Purchase: | County may purchase property between February 1, 2029 and January 31, 2030, at fair market value |
| Parking | Sufficient for County needs |

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

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This item has been reviewed by County Counsel (John Tubbs II and Dawn Martin, Deputies County Counsel, 387-5455) on November 17, 2025; Behavioral Health (Lydia Bell, Administrative Manager, 658-1053) on November 19, 2025; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on November 13, 2025; and County Finance and Administration (Paul Garcia, 386-8392, and Eduardo Mora, 387-4376, Administrative Analysts) on December 1, 2025.

(JF: 269-1984)

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Jesse Armendarez
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Curt Hagman, Joe Baca, Jr.
Absent: Dawn Rowe

Lynna Monell, CLERK OF THE BOARD

BY



DATED: December 16, 2025



cc: RESD - Thompson w/agree
Contractor - c/o RESD w/agree
File - w/agree

CCM 12/23/2025