

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

July 28, 2020

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
CORWIN PORTER, Interim Director, Department of Public Health**

SUBJECT

Amendment No. 2 to Revenue Sub-Lease Agreement with San Antonio Regional Hospital for Office Space for the Department of Public Health in Ontario

RECOMMENDATION(S)

Approve **Amendment No. 2** to revenue **Sub-Lease Agreement No. 15-423** with San Antonio Regional Hospital to extend the term of the sub-lease for the period of August 1, 2020 to July 31, 2023, add one three-year option to extend the term, adjust the rent schedule, and update standard sub-lease agreement language for 1,815 square feet of office space at the Department of Public Health's leased premises located at 150 East Holt Boulevard in Ontario for total revenue in the amount of \$158,124.

(Presenter: Terry W. Thompson, Director, 387-5252)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

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

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The total revenue to be received by the Department of Public Health (DPH) (9300421000) during this three-year revenue sub-lease amendment is \$158,124. Annual revenue is as follows:

<u>Year</u>	<u>Annual Revenue</u>
August 1, 2020 – July 31, 2021	\$ 51,624
August 1, 2021 – July 31, 2022	\$ 52,704
August 1, 2022 – July 31, 2023	<u>\$ 53,796</u>
Total Revenue	\$158,124

BACKGROUND INFORMATION

The recommended action will approve an amendment to the revenue sub-lease agreement with San Antonio Regional Hospital (SARH) extending the term of the revenue sub-lease for three years for the period of August 1, 2020 through July 31, 2023, add one three-year option to extend the term of the sub-lease, adjust the rent schedule, and update standard sub-lease agreement language for 1,815 square feet of DPH's leased office space located at 150 East Holt Boulevard in Ontario. This will allow DPH to continue to manage its Community Health Improvement Program (CHIP) in coordination with SARH.

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On February 26, 2013 (Item No. 46), the Board of Supervisors (Board) approved a lease agreement, Contract No. 13-67 (Master Lease), with SEC Euclid and Holt Avenue Property, L.P. for a term of 10 years with two five-year options to extend the term of the lease for 12,867 square feet of space (Premises) at 150 East Holt Boulevard in Ontario. The original term of the Master Lease was for the period of June 1, 2014 through May 31, 2024.

On July 28, 2015 (Item No. 66), the Board approved a revenue sub-lease agreement, Contract No. 15-423 with SARH for three years with two one-year options to extend the term of the sub-lease for 1,815 square feet of office space within DPH's leased Premises, subject to the terms of the Master Lease. The original term of the revenue sub-lease was for the period of August 1, 2015 through July 31, 2018. In the five years since the sub-lease was originally approved, the Board has approved one amendment to extend the term of the sub-lease through July 31, 2020, adjust the rent schedule, and update standard sub-lease agreement language.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	July 24, 2018	35

The SARH-run CHIP program strives to diminish care gaps, promote delivery of evidence-based care, and reduce the need for potentially unnecessary emergency room visits and hospitalizations. Coordinated by a dedicated interdisciplinary healthcare team, this program focuses on appropriate patient identification, prevention, evidence-based disease management, and exemplary treatment of individuals with chronic conditions.

SARH's co-location with DPH provides an opportunity to reduce health care costs by connecting hospital to clinic to community, and exploring data sharing possibilities for improved coordination of care, with a goal to improve the health outcomes for residents in the service area of the Ontario Health Center.

DPH requested the Real Estate Services Department (RESO) amend the revenue sub-lease to extend the term of the sub-lease for three years for the period of August 1, 2020 through July 31, 2023, add one three-year option to extend the term of the sub-lease, adjust the rent schedule, and update standard sub-lease agreement language. All other terms and conditions of the sub-lease remain unchanged.

Staff has reviewed the recommended action pursuant to the California Environmental Quality Act (CEQA) and has determined that it does not constitute a project. Accordingly, no further action is required under CEQA.

Summary of Revenue Sub-Lease Terms

Lessor:	San Antonio Regional Hospital (Harris Koenig, President and Chief Executive Officer)
Location:	150 East Holt Avenue, Ontario
Size:	1,815 square feet, northwest corner of the first floor
Term:	Three years commencing August 1, 2020

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Options:	One three-year option
Rent:	Cost per sq. ft. per month: \$2.37* full service gross Monthly: \$4,302 Annual: \$51,624 *Mid-range for comparable office facilities in the Ontario area per the competitive set analysis on file with RESD
Annual Increases:	2%
Improvement Costs:	None
Custodial:	Provided by Master Landlord
Maintenance:	Provided by Master Landlord
Utilities:	Electric is provided by County; all other utilities are provided by Master Landlord
Insurance:	The Certificate of Liability Insurance, as required by the sub-lease, is on file with RESD
Right to Terminate:	Either party has the right to terminate with 90-days' notice
Parking:	Non-exclusive right to use County parking

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel, and Adam Ebright, Deputy County Counsel, 387-5455) on June 30, 2020; Department of Public Health (Corwin Porter, Interim Director, 387-6218) on June 29, 2020; Finance (Paul Garcia, Administrative Analyst, 386-8392 and Wen Mai, Principal Administrative Analyst, 387-4020) on July 10, 2020 and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on July 13, 2020.

(PN: 677-8321)

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Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Josie Gonzales Seconded: Robert A. Lovingood
Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: July 28, 2020



cc: RESD- Thompson w/agree
 Contractor- C/O RESD w/agree
 File- w/agree

la 07/31/2020