

**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
VERONICA KELLEY, Director, Department of Behavioral Health**

SUBJECT

Amendment No. 5 to Lease Agreement with 1330 Cooley Drive, LLC for Office Space for the Department of Behavioral Health in Colton

RECOMMENDATION(S)

1. Approve the Real Estate Services Department's use of an alternative procedure in lieu of a Formal Request for Proposals as allowed per County Policy 12-02 – Leasing Privately Owned Real Property for County Use, to extend the term of Lease Agreement No. 02-159 three years for the period of August 1, 2020 through July 31, 2023, for an aggregate term of 21 years for the Department of Behavioral Health.
2. Approve **Amendment No. 5** to **Lease Agreement No. 02-159** with 1330 Cooley Drive, LLC, to extend the term of the lease for three years for the period of August 1, 2020 through July 31, 2023, following a permitted 10-month holdover for the period of October 1, 2019 through July 31, 2020, (for an aggregate term of 21 years), adjust the rental rate schedule and update standard lease agreement language for 14,565 square feet of office space at 1330 East Cooley Drive in Colton for the Department of Behavioral Health for a total cost of \$1,292,224.

(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 Discretionary General Funding (Net County Cost). The total cost of this three-year amendment, including the permitted holdover at the current lease rate of \$26,578 per month for 10 months, is \$1,292,224. Lease payments will be made from the Rents budget (7810001000) and reimbursed from the Department of Behavioral Health (DBH) budget (9200001000). DBH lease costs are funded 30% Federal, 28% State, and 42% State Mental Health Realignment funds. Sufficient appropriation is included in the 2020-21 Rents and DBH budgets and will be included in future recommended budgets. Annual lease costs are as follows:

<u>Period</u>	<u>Annual Lease Cost</u>
October 1, 2019 – July 31, 2020	\$ 265,780
August 1, 2020 – July 31, 2021	\$ 332,088
August 1, 2021 – July 31, 2022	\$ 342,048

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Term: Three years by the Lessee's exercise of an existing three-year extension option, commencing August 1, 2020

Options: None

Rent: Cost per sq. ft. per month: \$1.90 full service gross
Monthly: \$27,674
Annual: \$332,088
*Mid-range for comparable facilities in the Colton area per supporting lease comparables on file

Annual Increases 3%

Improvement Costs: None

Custodial: Provided by Lessor

Maintenance: Provided by Lessor

Utilities: Provided by Lessor with County to pay for electricity in excess of an electric utility expense cap of \$0.26 per square foot per month subject to 3% annual increases

Insurance: The Certificate of Liability Insurance, as required by the lease, is on file with RESD

Right to Terminate: The County has no right to terminate the Lease for convenience during the three-year extended term

Parking: Sufficient for County needs

PROCUREMENT

On February 12, 2002 (Item No. 23), the Board approved Lease Agreement No. 02-159, which was procured according to County Policy No. 12-02 – Leasing Privately Owned Real Property for County Use (Policy), using a Solicitation of Proposals. The procurement process required by the Policy does not apply to amendments of existing leases provided the amendment does not exceed the maximum term (including options) of the lease. 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 three-years for the period of August 1, 2020 through July 31, 2023 will provide for an aggregate term of 21 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 the department, minimizes disruption to the program activities, saves on relocation cost, and will allow DBH to continue to serve the residents in the Colton area.

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REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel and Dawn Martin, Deputy County Counsel, 387-5455) on June 29, 2020; Department of Behavioral Health (Michael Knight, Assistant Director, 388-0808 and Emily Petrus, Administrative Supervisor, 388-0949) on June 23, 2020; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on June 24, 2020; Finance (Wen Mai, Principal Administrative Analyst, 387-4020 and Chris Lange, Administrative Analyst, 386-8393) on July 8, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on July 12, 2020.

(KD: 665-0430)

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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