

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

January 28, 2025

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department
SHANNON D. DICUS, Sheriff/Coroner/Public Administrator

SUBJECT

Lease Amendment with WGI, Inc. for Office Space in Phelan for the Sheriff/Coroner/Public Administrator

RECOMMENDATION(S)

1. Find that approval of Amendment No. 8 to Lease Agreement No. 05-223 with WGI, Inc. for office space is an exempt project under the California Environmental Quality Act Guidelines, Section 15301 – Existing Facilities (Class I).
2. 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. 05-223, with WGI, Inc. for three years, for the period of February 1, 2025 through January 31, 2028, following a permitted eleven month holdover for the period of March 1, 2024, through January 31, 2025, and add one three-year option to extend the term of the lease for the continued use of approximately 3,285 square feet of office space located at 4050 Phelan Road, Units 1 and 2 for the Sheriff/Coroner/Public Administrator.
3. Approve **Amendment No. 8 to Lease Agreement No. 05-223** with WGI, Inc. to extend the term of the lease for three years, for the period of February 1, 2025 through January 31, 2028, following a permitted eleven month holdover for the period of March 1, 2024, through January 31, 2025, adjust the rental rate schedule, add one three-year option to extend the term of the lease, and update standard lease agreement language for the continued use of approximately 3,285 square feet of office space located at 4050 Phelan Road, Units 1 and 2, in Phelan for the Sheriff/Coroner/Public Administrator, increasing the contract amount by \$308,702, from \$1,190,575 to \$1,499,277.
4. 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 Safety, Health, and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of Amendment No. 8 (Amendment) to Lease Agreement No. 05-223 (Lease) will not result in the use of additional Discretionary General Funding (Net County Cost). The total cost of this three-year Amendment totals \$308,702 and includes amounts for an eleven month holdover period. Lease payments will be made from the Real Estate Services Department's

**Lease Amendment with WGI, Inc. for Office Space in Phelan for the Sheriff/Coroner/Public Administrator
January 28, 2025**

(RESO) Rents budget (7810001000). RESO will be reimbursed from the Sheriff/Coroner/Public Administrator's (Sheriff) budget (4430001000). Other costs associated with this Lease include custodial, electric utility costs, and maintenance of fire suppression equipment paid from the Sheriff's (4430001000) budget. Sufficient appropriation is included in both the RESO and Sheriff's 2024-25 budgets and will be included in future recommended budgets. Annual lease costs are as follows:

Year	Annual Lease Cost	Estimate of Other Costs
* March 1, 2024 – January 31, 2025	\$69,014	\$16,126
February 1, 2025 – January 31, 2025	\$77,544	\$16,770
February 1, 2025 – January 31, 2026	\$79,872	\$17,441
February 1, 2026 – January 31, 2027	\$82,272	\$17,965
Total Cost	\$308,702	\$68,302

* Holdover period

BACKGROUND INFORMATION

On March 29, 2005 (Item No. 50), the San Bernardino County (County) Board of Supervisors (Board) approved the five-year Lease with Fontana Juniper, LLC for approximately 3,285 square feet of office space located at 4050 Phelan Road Units 1 and 2, in Phelan. The initial term of the Lease covered the periods of April 1, 2005, through March 31, 2020, and included two two-year options. In the 19 years since the Lease was originated, the Board has approved seven amendments, including exercising extension options, adding three two-year options, addressing two property ownership changes, modifying rent terms, and updating standard lease agreement language.

Amendment No.	Approval Date	Item No.
1	May 11, 2010	68
2	March 13, 2012	42
3	October 8, 2013	43
4	March 1, 2016	47
5	July 24, 2018	33
6	January 28, 2020	38
7	January 11, 2022	31

On March 1, 2024, the Lease entered a holdover period for eleven months due to protracted negotiations with the Landlord. The County has continued to occupy the premises abiding by all current Lease terms. Current market survey reports reveal that the rental rate for the extended term is equivalent to predominantly higher range competitive rates in the Phelan area.

RESO consulted with the Sheriff to evaluate the extended term's rental rates against relocation costs, including potential service disruptions in the downtown Phelan area. The Sheriff desires to proceed with the Lease to provide uninterrupted service and use of approximately 3,285 square feet of office space located at 4050 Phelan Road, in Phelan.

The proposed Lease extension includes a three-year term, commencing on February 1, 2025 through January 31, 2028, with adjusted rental rates and an additional three-year option to extend.

**Lease Amendment with WGI, Inc. for Office Space in Phelan for the
Sheriff/Coroner/Public Administrator
January 28, 2025**

The project to approve the Amendment was reviewed pursuant to the California Environmental Quality Act (CEQA) and was determined to be categorically exempt under CEQA Guidelines Section 15301 – Existing Facilities (Class I) because there is no possibility that the leasing of the subject property will have a significant effect on the environment. Accordingly, no further action is required under CEQA.

Summary of Lease Terms

Lessor:	WGI, Inc William G. Ingalls, President
Location:	4050 Phelan Road Units 1 and 2, Phelan
Size:	3,285 square feet of office space
Term:	3 years, February 1, 2025 – January 31, 2028
Options:	One three-year option to extend
Rent:	Base Rent Cost per square foot per month: \$1.97* full-service gross Monthly: \$6,462 Annual: \$77,544 *High-range for comparable facilities in the Phelan area per the supporting competitive set analysis on file
Annual Increases:	3%
Improvement Costs:	None
Custodial:	Provided by County
Maintenance:	Provided by Lessor, County provides maintenance of fire suppression equipment
Utilities:	Provided by County, except for exterior lighting
Insurance:	The Certificate of Liability Insurance, as required by the lease, is on file with RESD
Holdover:	Month-to-month basis upon the same provisions of the Lease, including the rent
Right to Terminate:	County has the Right to Terminate with 90-Days' Notice
Parking:	Sufficient for County needs

PROCUREMENT

N/A

REVIEW BY OTHERS

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January 28, 2025**

This item has been reviewed by County Counsel (John Tubbs, and Grace Parsons, Deputies County Counsel, 387-5455) on December 19, 2024; San Bernardino County Sheriff's Department (Jose Torres, Administrative Manager, 387-3648) on December 19, 2024; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on December 26, 2024; Finance (Erika Rodarte, 387-4919, and Ivan Ramirez, 387-4020, Administrative Analysts) on January 6, 2025; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on January 6, 2025.

(BR: 531-2674)

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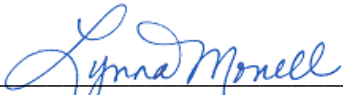
Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: January 28, 2025



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

CCM 01/30/2025