

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

November 18, 2025

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
CHERYL ADAMS, Deputy Executive Officer, Human Services**

SUBJECT

Amendment to Lease Agreement with WM Inland Investors IV LP to Authorize a One-Time Lump-Sum Payment for Additional Tenant Improvement Costs for Office Space in San Bernardino

RECOMMENDATION(S)

1. Find that approval of Lease Amendment No. 1 to Lease Agreement No. 23-1369 with WM Inland Investors IV LP for office space, is an exempt project under the California Environmental Quality Act Guidelines, Section 15301 - Existing Facilities (Class 1).
2. Approve **Amendment No. 1 to Lease Agreement No. 23-1369** with WM Inland Investors IV LP, to:
 - a. Approve County proposed change orders and authorize a one-time lump-sum payment of \$81,787 to WM Inland Investors IV LP for additional tenant improvement costs that exceeded the previously Board of Supervisors-approved allowance of \$100,000 for unforeseen contingencies and/or County proposed change orders, for a new total contingency amount of \$181,787.
 - b. Update standard lease agreement language.
 - c. Continue leasing approximately 37,570 square feet of office space, located at 500 Inland Center Drive, Suite 301L in San Bernardino, for the Human Services – Program Integrity Division.
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.

FINANCIAL IMPACT

Approval of Amendment No. 1 (Amendment) to Lease Agreement No. 23-1369 (Lease) with WM Inland Investors IV, LP (Landlord) will not result in the use of Discretionary General Funding (Net County Cost). The total cost associated with the change order allowance and this Amendment is \$181,787. On December 19, 2023 (Item No. 79), the Board of Supervisors (Board) approved a \$100,000 allowance for tenant improvement change orders as part of the original lease approval. The additional \$81,787 represents costs that exceeded the previously Board-approved allowance. The remaining change orders totaling \$81,787 will be paid to the Landlord in a one-time lump-sum payment. The cost will be paid from the Real Estate Services Department (RESD) Rents budget (7810001000) and reimbursed from the Human Services

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Administrative Claim budget (5012701000). Sufficient appropriation has been included in the 2025-26 budget.

BACKGROUND INFORMATION

On December 19, 2023 (Item No. 79), the Board approved the Lease with the Landlord for a 10-year term, in the amount of \$16,130,938 plus \$100,000 for unforeseen contingencies and/or County proposed change orders, with two five-year options to extend, for approximately 37,570 square feet of office space, located at 500 Inland Center Drive, Suite 301L, San Bernardino. The Lease was structured as a turnkey project, with the Landlord responsible for completing tenant improvements necessary to meet the operational needs of the Human Services, Program Integrity Division (PID) prior to occupancy.

Construction of the tenant improvements was completed, and PID took occupancy of the premises on April 15, 2025. The Lease term was officially established from April 15, 2025, through March 31, 2035, as documented in the executed Commencement Date Certificate.

During construction, several unforeseen conditions and program-driven adjustments arose that required modifications to the approved tenant improvement plans. These included reconfiguration of interior office layouts to improve client service flow, installation of additional electrical and data lines to support expanded workstation capacity, and minor revisions to meet updated accessibility and security standards. These changes resulted in increased costs, resulting in County proposed change orders that exceeded the previously Board-approved contingency allowance of \$100,000 by \$81,787.

The additional costs were necessary to ensure the space met County building standards, complied with current California Building Code requirements, and supported PID's operational and programmatic needs.

RESD has processed one change order totaling \$97,078 within the originally approved \$100,000 allowance. The total cost of all change orders is \$181,787, which exceeded the Board-approved allowance by \$81,787. Of the remaining amount, \$2,922 was covered within the original authorization, and the balance of \$84,709 will be paid to the Landlord in a one-time lump-sum payment following Board approval.

The project to approve the Amendment was reviewed pursuant to the California Environmental Quality Act (CEQA) and determined to be categorically exempt under Section 15301 - Class 1 Existing Facilities because the proposed Lease is to secure property to operate within the existing structure with negligible or no expansion of existing use. Approval of the one-time lump-sum payment is an administrative action related to an existing lease and will not result in any direct or reasonably foreseeable indirect physical changes to the environment.

Summary of Lease Terms

Lessor: WM Inland Investors IV LP
Location: 500 Inland Center Drive, Suite 301L, San Bernardino
Size: Approximately 37,570 square feet of office space
Term: April 15, 2025, through March 31, 2035

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Options:	Two five-year options by providing notice 365 days prior to the expiration of the then current term
Rent:	Cost per square foot per month: \$2.50 Monthly: \$ 93,925 Annual: \$1,127,100 *Mid-range for comparable facilities in the San Bernardino area per the competitive set analysis on file with RESD
Annual Increases:	3%
Improvement Costs:	N/A
Custodial:	Provided by Lessor
Maintenance:	Provided by Lessor
Utilities:	Provided by Lessor; except County to pay electrical costs in excess of \$112,000 per year or approximately \$0.24 per square foot per month (electric utility expense cap), which cap is increased 3% annually
Insurance:	The Certificate of Liability Insurance, as required by the Lease, is on file with RESD
Holdover:	Upon the end of the term, if permitted by Lessor, the Lease shall continue on a month-to-month term upon the same terms and conditions which existed at the time of expiration
Right to Terminate:	None during the initial 10-year term except due to default; County has the right to terminate with 18-months written notice during any extended terms
Parking:	Sufficient for County needs

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II and Kaleigh Ragon, Deputies County Counsel, 387-5455) on October 23, 2025; Human Services Department (Patty Steven, Administrative Manager, 388-0421) on October 22, 2025; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on October 16, 2025; and County Finance and Administration (John Hallen, Administrative Analyst, 388-0208, and Eduardo Mora, Administrative Analysts, 387-4376) on October 29, 2025

(YG: 665-0268)

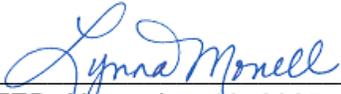
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: November 18, 2025



cc: RESD - Thompson w/agree
 Contractor - c/o RESD w/agree
 File - w/agree
MBA 11/19/2025