

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

October 27, 2020

FROM

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

SUBJECT

Amendment No. 2 to Lease Agreement with NetREIT World, LLC for Office Space in San Bernardino for the Department of Public Health, Women, Infants and Children Program

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 add two three-year options to extend the term of Lease Agreement No. 13-876 with NetREIT World, LLC for the Department of Public Health, Women, Infants and Children Program in San Bernardino.
2. Approve **Amendment No. 2 to Lease Agreement No. 13-876** with NetREIT World, LLC to extend the term of the lease three years by exercising an option, for the period of November 1, 2020 through October 31, 2023, add two three-year options to extend the term of the lease, adjust the rental rate schedule, and update standard lease agreement language for 3,313 square feet of office space for the Department of Public Health, Women, Infants and Children Program in San Bernardino in the amount of \$265,777.

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

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

**Provide for the Safety, Health and Social Service Needs of County Residents.
Operate in a Fiscally-Responsible and Business-Like Manner.**

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The total cost of this three-year amendment is \$265,777. Lease payments will be made from the Real Estate Services Department (RESD) Rents budget (7810001000) and reimbursed from the Department of Public Health (DPH) Women, Infants and Children (WIC) budget (9300061000), which is 100% federally funded. Sufficient appropriation is included in the 2020-21 Rents and DPH budgets and will be included in future recommended budgets. Annual lease costs are as follows:

<u>Year</u>	<u>Annual Lease Cost</u>
November 1, 2020 – October 31, 2021	\$ 80,905*
November 1, 2021 – October 31, 2022	\$ 91,044
November 1, 2022 – October 31, 2023	\$ 93,828
Total Cost	\$265,777

*(includes one month rent abatement)

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BACKGROUND INFORMATION

The recommended action will amend an existing lease with NetREIT World, LLC (NetREIT) by extending the term of the lease three years for the period of November 1, 2020 through October 31, 2023 by exercising an existing option, add two three-year options to extend the term of the lease, adjust the rental rate schedule, and update standard lease agreement language because of the continuing need to provide (WIC) services in the San Bernardino area.

On October 8, 2013 (Item No. 44) the Board of Supervisors (Board) approved a seven-year Lease Agreement, No. 13-876, with one three-year option to extend the term of the lease for 3,313 square feet of office space for the DPH WIC program located at 1535 East Highland Avenue Suites C and D in San Bernardino. The original term of the lease was for the period of November 1, 2013 through October 31, 2020. In the seven years since the lease was originally approved, the Board has approved one amendment to reflect a change in ownership and update standard lease agreement language.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	September 11, 2018	45

With a continuing need for WIC to provide services in this area of San Bernardino, DPH requested RESD exercise the existing three-year option to extend the term of the lease for the period of November 1, 2020 through October 31, 2023, add two three-year options to extend the term, adjust the rental rate schedule, and update standard lease agreement language. All other terms and conditions of the 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 Lease Terms

Lessor:	NetREIT World, LLC (Gary Katz, Senior Vice President)
Location:	1535 East Highland Avenue, Suites C and D, San Bernardino
Size:	3,313 square feet of office space
Term:	Three years commencing November 1, 2020
Options:	Two three-year options
Rent:	Cost per square foot: \$2.22* modified gross Monthly: \$7,355 Annual: \$80,905 (reflects one month rent abatement) *Mid-range for comparable facilities in the San Bernardino area per supporting lease comparables on file

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Annual Increases	3% annual increases
Custodial:	Provided by Lessor
Maintenance:	Provided by Lessor
Utilities:	Provided by Lessor
Insurance:	The Certificate of Liability Insurance, as required by the lease, is on file with RESD
Right to Terminate:	County has the right to terminate with 90-days' notice
Parking:	Sufficient for County needs

PROCUREMENT

On October 8, 2013 (Item No. 44) the Board approved a seven-year Lease Agreement, No. 13-876, with one three-year option to extend the term of the lease. The Lease was procured in accordance with County Policy 12-02 – Leasing Privately Owned Real Property for County Use (Policy) using an alternative procedure. With respect to the exercise of the existing three-year option to extend the term of the lease, 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.

With respect to the addition of the two three-year options to extend the term of the lease, the Policy provides that the Board may approve the use of an alternative procedure to the use of a Formal Request for Proposals (RFP) 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 interests of the County. DPH and RESD are requesting the Board approve an alternative procedure as allowed in the Policy to add two three-year options to extend the term of this lease as this facility best meets the anticipated long-term requirements of the department, and if the options are exercised, it would minimize disruption to services and save on relocation costs.

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 October 2, 2020; Department of Public Health (Josh Dugas, Interim Assistant Director, 387-6223) on September 29, 2020; Purchasing Department (Bill Brock, Buyer II, 387-2464) on September 24, 2020; Finance (Paul Garcia, Administrative Analyst, 386-8392 and Carl Lofton, Administrative Analyst, 387-5404) on October 9, 2020 and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on October 9, 2020.

(RTA:PN: 677-8321)

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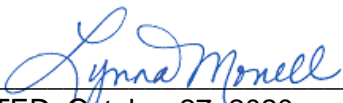
Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Robert A. Lovingood Seconded: Josie Gonzales

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: October 27, 2020



cc: RESD- Thompson w/agree
Contractor- C/O RESD w/agree
File- w/agree
LA 10/28/2020