

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

December 17, 2024

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department
ARLENE MOLINA, Interim Director, Preschool Services Department

SUBJECT

Amendment to Lease Agreement with IV3 662-696 S Tippecanoe Ave, LLC for Office Space in San Bernardino

RECOMMENDATION(S)

1. Find that approval of Amendment No. 6 to Lease Agreement No. 06-1152 with IV3 662-696 S Tippecanoe Ave, LLC, for approximately 18,000 square feet of office space at 662 South Tippecanoe Avenue in San Bernardino is an exempt project under the California Environmental Quality Act Guidelines Section 15301 - Existing Facilities (Class 1).
 2. Approve **Amendment No. 6 to Lease Agreement No. 06-1152** with IV3 662-696 S Tippecanoe Ave, LLC to exercise the final option and extend the term by three years, from January 1, 2025, through December 31, 2027, for approximately 18,000 square feet of office space at 662 South Tippecanoe Avenue in San Bernardino, for the Preschool Services Department, increasing the amount by \$1,574,640, from \$7,104,552 for a total of \$8,679,192.
 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 this item will not result in the use of Discretionary General Funding (Net County Cost). The total cost of Amendment No. 6 (Amendment) to Lease Agreement No. 06-1152 (Lease) of \$1,574,640, is 84% federally funded and 16% state funded. Lease payments will be made from the Real Estate Services Department (RES D) Rents budget (7810001000) and reimbursed from the Preschool Services Department (PSD) budget (5910002220). Sufficient appropriation and revenue are included in the 2024-25 RESD Rents and PSD budgets and will be included in future recommended budgets.

Year	Annual Lease Cost
January 1, 2025 – December 31, 2025	\$509,760
January 1, 2026 – December 31, 2026	\$524,880
January 1, 2027 – December 31, 2027	\$540,000
Total Cost	\$1,574,640

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BACKGROUND INFORMATION

The recommended action will amend the Lease with IV3 662-696 S Tippecanoe Ave, LLC (IV3) to extend the term three years, exercising the final three-year option to extend the term, and will update standard lease agreement language for approximately 18,000 square feet of office space located at 662 South Tippecanoe Avenue in San Bernardino to provide for the continuing administration of PSD.

On November 28, 2006 (Item No. 21), the Board of Supervisors (Board) approved the Lease, with three, three-year options to extend the term with Perris Campus Plaza, LLC for approximately 18,000 square feet of office space located at 662 South Tippecanoe Avenue in San Bernardino. The original term was for the period of June 1, 2007, through May 31, 2017. In the 18 years since the Lease was originally approved, the Board has approved five amendments, which extended the term of the Lease through December 31, 2024, adjusted the monthly rental rate schedule, adjusted the commencement and expiration dates of the Lease, adjusted the critical completion date of the building, reflected a change of property ownership, exercised two of the three three-year options to extend the term, and updated standard lease agreement language.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>	<u>Contract Total</u>
Original	November 28, 2006	21	*\$4,120,872
1	August 21, 2007	32	N/A
2	October 7, 2008	51	N/A
3	July 24, 2018	34	\$1,334,880
4	December 14, 2021	54	\$1,648,800
<u>5</u>	<u>August 9, 2022</u>	<u>43</u>	<u>N/A</u>
Total			\$7,104,552

*Includes holdover rent

On May 13, 2024, RESD informed IV3 of the County's desire to exercise the last three-year option extending the Lease term through December 31, 2027.

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:	IV3 662-696 S Tippecanoe Ave, LLC Joonas Partanen, Senior Vice President
Location:	662 South Tippecanoe Avenue in San Bernardino
Size:	Approximately 18,000 square feet of office space
Term:	Three years commencing January 1, 2025
Options:	None
Rent:	Cost per square foot per month: \$2.36* Monthly: \$42,480 Annual: \$509,760

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*Mid-range for comparable facilities in the San Bernardino area
per the competitive set analysis on file with RESD

Annual Increases:	3%
Improvement Costs:	None
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
Holdover:	None
Right to Terminate:	County has the right to terminate with 90-days' notice
Parking:	Provided by the Lessor and must be sufficient to meet the County's needs

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, and Adam Ebright, Deputies County Counsel, 387-5455) on November 20, 2024; Preschool Services (Arlene Molina, Interim Director, 383-2028) on November 20, 2024; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on November 18, 2024; Finance (Paul Garcia, 386-8392, and Garrett Baker, 387-3077, Administrative Analysts,) on November 25, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on November 25, 2024.

(KB:453-9865)

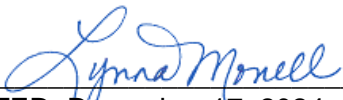
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Record of Action of the Board of Supervisors
San Bernardino County

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: December 17, 2024



cc: RESD - Thompson w/ agree
 Contractor c/o RESD w/ agree
 File w/ agree
JLL 12/27/2024