

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

February 27, 2024

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

JOSHUA DUGAS, Director, Department of Public Health

SUBJECT

Amendment to Lease Agreement with Lone Bard 2021, LLC for Office Space in San Bernardino

RECOMMENDATION(S)

1. Find that approval of Amendment No. 4 to Lease Agreement No. 13-876 with Lone Bard 2021, LLC, for office space is an exempt project under the California Environmental Quality Act Guidelines Section 15301 - Existing Facilities (Class 1).
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 by 10 years the term of Lease Agreement No. 13-876, and add two five-year options to extend the term, with Lone Bard 2021, LLC, for the Women, Infants and Children Program in San Bernardino.
3. Approve **Amendment No. 4 to Lease Agreement No. 13-876** with Lone Bard 2021, LLC to extend the term of the lease for 10 years, for the period of March 1, 2024 through February 28, 2034, following a permitted four-month holdover for the period of November 1, 2023 through February 29, 2024, update the existing two three-year extension options to two five-year extension options, update the rental rate schedule and update standard lease agreement language for approximately 3,313 square feet of office space located at 1535 East Highland Avenue, Suites C and D in San Bernardino, for the Women, Infants and Children Program in San Bernardino, in the amount of \$1,012,378.
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 this item will not result in the use of Discretionary General Funding (Net County Cost). The total cost of this 10-year amendment is \$1,012,378 that includes \$31,276 for a permitted holdover period. Lease payments will be made from the Real Estate Services Department (RES) 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 2024-25 Rents and DPH budgets and will be included in future recommended budgets. Annual lease costs are as follows:

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<u>Year</u>	<u>Cost</u>
November 1, 2023 – February 29, 2024	*\$31,276
March 1, 2024 – February 28, 2025	\$93,828
March 1, 2025 – February 28, 2026	\$93,828
March 1, 2026 – February 28, 2027	\$93,828
March 1, 2027 – February 29, 2028	\$96,174
March 1, 2028 – February 28, 2029	\$96,174
March 1, 2029 – February 28, 2030	\$99,059
March 1, 2030 – February 28, 2031	\$99,059
March 1, 2031 – February 29, 2032	\$102,030
March 1, 2032 – February 28, 2033	\$102,030
March 1, 2033 – February 28, 2034	<u>\$105,092</u>
Total Cost	\$1,012,378

*Reflects the permitted holdover.

BACKGROUND INFORMATION

The recommended action will amend Lease Agreement No. 13-876 (Lease) with Lone Bard 2021, LLC (Lone Bard) to extend the term of the Lease for the period of March 1, 2024 through February 28, 2034, following a permitted four-month holdover for the period of November 1, 2023 through February 29, 2024. It will also update the existing two three-year extension options to two five-year extension options, update the rental rate schedule and update standard lease agreement language.

On October 8, 2013 (Item No. 44), the Board of Supervisors (Board) approved a seven-year Lease with a term of November 1, 2013 through October 31, 2020, with one three-year extension option for approximately 3,313 square feet of office space located at 1535 East Highland Avenue, Suites C and D, in San Bernardino. In the 10 years since the Lease was originally approved, the Board has approved three amendments, which included a change of ownership, an extension to the term of the Lease to October 31, 2023, adding two three-year extension options, increasing the rental rate schedule, and lastly to reflect another change of ownership.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	September 11, 2018	45
2	October 27, 2020	75
3	July 12, 2022	33

On November 1, 2023, the term of the Lease expired and went into permitted holdover. DPH has continued to occupy the leased premises and abide by the terms of the Lease. Due to the continuing need to provide WIC services in the San Bernardino area, DPH requested the RESD extend the term of the lease for 10 years for the period of March 1, 2024 through February 28, 2034. Amendment No. 4 to the Lease reflects a 10-year extension, and updates the existing extension options, rental rate schedule, and standard lease agreement language. All other terms and conditions of the Lease remain unchanged.

The project to approve Amendment No. 4 to the Lease was reviewed pursuant to the California Environmental Quality Act (CEQA) and determined to be categorically exempt under Guidelines Section 15301 - Existing Facilities (Class 1) because the proposed Lease is to secure property to operate within the existing structure with negligible or no expansion of existing use.

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Summary of Lease Terms

Lessor:	Lone Bard 2021, LLC (Paul Rothbard, Managing Member)
Location:	1535 East Highland Avenue, Suites C and D, San Bernardino
Size:	3,313 square feet of office space
Term:	March 1, 2024 through February 28, 2034
Options:	Two five-year options
Rent:	Cost per square foot per month: \$2.36* Monthly: \$7,819 Annual: \$93,828 *Mid-range for comparable facilities in the San Bernardino area per the competitive set analysis on file with RESD
Increases:	2.5% effective on March 1, 2027, and 3% every other year of the term thereafter
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:	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:	County has the right to terminate with 30-days' notice
Parking:	Sufficient for County needs

PROCUREMENT

On October 8, 2013 (Item No. 44), the Board approved a seven-year Lease for approximately 3,313 square feet of office space located at 1535 East Highland Avenue, Suites C and D, in San Bernardino. The site was procured according to County Policy 12-02 – Leasing Privately Owned Real Property for County Use (Policy). Additionally, Amendment No. 4 is subject to the same Policy which provides that the Board may approve the use of an alternative procedure in lieu 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. DPH and RESD are requesting the Board approve an alternative procedure to extend the Lease term by 10 years and add two five-year extension

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options, as this facility best meets the anticipated long-term requirements of the department, minimizes disruption to services, and saves on relocation costs.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, and Adam Ebright, Deputies County Counsel, 387-5455) on January 12, 2024; Public Health (Jennifer Osorio, Assistant Director, 387-9146) on January 30, 2024; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on January 29, 2024; Finance (Iliana Rodriguez, 387-4205, and Garrett Baker, 387-3077, Administrative Analysts) on February 7, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on February 7, 2024.

(YG: 665-0268)

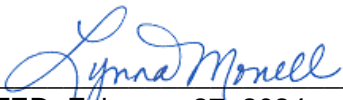
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: February 27, 2024



cc: RESD - Thompson w/ agree
Contractor c/o RESD w/ agree
File w/ agree
JLL 02/29/2024