

**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, Sheriff's Department

SUBJECT

Lease Agreement with Seitel Investments, LLC for Office Space in San Bernardino

RECOMMENDATION(S)

1. Find that approval of a Lease Agreement with Seitel Investments, 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 Proposal, as allowed per County Policy 12-02 - Leasing Privately Owned Real Property for County Use, to lease approximately 8,269 square feet of office space for a five-year term, for the period of February 1, 2025, through January 31, 2030, with one five-year extension, located at 880 East Mill Street, in San Bernardino.
 3. Approve a new **Lease Agreement No. 25-80** with Seitel Investments, LLC for the five year period of February 1, 2025, through January 31, 2030, with one five-year extension option, for approximately 8,269 square feet of office space for the Sheriff's Department, located at 880 East Mill Street in San Bernardino, in the amount of \$1,266,420, following a permitted 24-month holdover period under prior Lease Agreement No. 13-435 from February 1, 2023, through January 31, 2025, at a cost of \$424,704, for a total cost of \$1,691,124.
 4. Authorize the Director of the Real Estate Services Department to approve and execute commencement date certificates, estoppel certificates, subordination, non-disturbance and attornment agreements, change of ownership or assignment amendments and any other non-substantive documents and take any other actions necessary to complete this transaction, subject to County Counsel review.
 5. 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

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 five-year contract is \$1,691,124, which includes a holdover period cost under the prior lease at a cost of \$424,704. Lease payments will be made from the Real Estate Services Department (RESA) Rents budget (7810001000) and reimbursed from the Sheriff/Coroner/Public Administrator's (Sheriff) budget (4430002392). Sufficient appropriation is

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included in the 2024-25 Sheriff and RESD budgets and will be included in future recommended budgets. Annual lease costs are as follows:

Period	Annual Cost
February 1, 2023 - January 31, 2025*	*\$ 424,704
February 1, 2025 - January 31, 2026	\$ 236,160
February 1, 2026 - January 31, 2027	\$ 244,428
February 1, 2027 - January 31, 2028	\$ 252,984
February 1, 2028 - January 31, 2029	\$ 261,840
February 1, 2029 - January 31, 2030	\$ 271,008
Total Cost	\$ 1,691,124

*Holdover period under prior lease

BACKGROUND INFORMATION

On September 24, 2002 (Item No. 46), the Board of Supervisors (Board) approved 10-year Lease Agreement, No. 02-953 (Original Lease), for 8,269 square feet of office space, located at 880 East Mill Street in San Bernardino (Property) for use by the Sheriff. The term of the Original Lease was from February 1, 2003, through January 31, 2013. Upon termination of the Original Lease, Seitel Investments, LLC (Landlord) and RESD negotiated a new lease for office space at the Property for the Sheriff's continued use. On June 25, 2013 (Item No. 85), the Board approved new Lease Agreement No. 13-435 (Lease) effective retroactively from February 1, 2013, through January 31, 2023.

The Lease entered into a permitted holdover from February 1, 2023, through January 31, 2025, due to protracted negotiations between RESD and the Landlord. Negotiations included the increased rental costs, building maintenance, and utility expenses that the Landlord is responsible for paying to run the facility. RESD and the Landlord will be entering into a new Lease that includes updated standard County provisions. The Lease updates the monthly rent to be in line with the market analysis on file with RESD and includes a utility expense cap. Approval of this item will provide for an updated five-year lease agreement for the continued use of 8,269 square feet of office space for the Sheriff, in the City of San Bernardino, with termination rights at any time with a 90-day notice. The Sheriff has a continued need for office space in San Bernardino and the current location allows them to best serve the public.

Recommendation No. 4 will authorize the RESD Director to also approve and execute any other non-substantive documents and take any other actions necessary to complete this transaction or perform lease requirements throughout the term, including, but not limited to, commencement date certificates, estoppel certificates, subordination, non-disturbance and attornment agreements, and change of ownership or assignment amendments.

The project to approve the Lease was reviewed pursuant to the California Environmental Quality Act (CEQA) and determined to be categorically exempt under CEQA Guidelines Section 15301 – Existing Facilities (Class 1) because there is no possibility that the leasing of the subject property will have a significant effect on the environment.

Summary of Lease Terms

Lessor: Seitel Investments, LLC
Brian Seitel, President

Location: 880 East Mill Street, San Bernardino, CA 92415

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Size:	8,269 square feet of office space
Term:	Five years, commencing on February 1, 2025
Options:	One five-year option to extend the term of the Lease
Rent:	Cost per square foot per month: \$2.38* Full Service Gross Monthly: \$19,680 Annual: \$236,160 *Mid-range for comparable facilities in the San Bernardino area per the competitive set analysis on file with RESD
Annual Increases:	3.5%
Improvement Costs:	None
Custodial:	Provided by Lessor
Maintenance:	Provided by Lessor
Utilities:	Provided by Lessor; provided that County pays for electric expenses that exceed an electric utility expense cap of \$26,702 per year
Insurance:	The Certificate of Liability Insurance, as required by the Lease, is on file with RESD
Holdover:	In the event the County shall holdover and continue to occupy the premises with the consent of the Landlord, expressed or implied, the tenancy shall be deemed to be a tenancy from month-to-month upon the same terms and conditions, including rent, as existed, and prevailed at the time of the expiration of the term of this Lease
Right to Terminate:	County can terminate with 90-day notice
Parking:	Exclusive use of 75 reserved parking spaces; sufficient for County needs

PROCUREMENT

County Policy 12-02 regarding the lease of privately owned property allows the use of an alternative procedure when compliance with the requirements of a formal Request for Proposals (RFP) 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 interest of the County. The Sheriff desires to stay at this location and would not incur the cost of new tenant improvements, moving costs or the expense of re-establishing telephone and data communications. The Sheriff requests the Board approve RESD's use of an alternative procedure to secure a new five-year lease to remain at this location.

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REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, and Grace Parsons, Deputies County Counsel, 387-5455) on December 16, 2024; Sheriff (Jose Torres, Administrative Manager, 387-3648) on December 16, 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 8, 2025; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on January 8, 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