

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

July 23, 2024

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

JACQUELYN GREENE, Director, Preschool Services Department

SUBJECT

Amendment to Lease Agreement with Westminster United Presbyterian Church for Classroom, Office Space, Playground and Parking Space in Ontario

RECOMMENDATION(S)

1. Find that approval of Amendment No. 8 to Lease Agreement No. 98-732 with Westminster United Presbyterian Church for classroom, office space, playground, and parking 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 the term of Lease Agreement No. 98-732 four years from August 1, 2024 through July 31, 2028, and add one additional four-year option to extend the term of the lease, a potential term of 34 years, if exercised, for the Preschool Services Department.
3. Approve **Amendment No. 8 to Lease Agreement No. 98-732** with Westminster United Presbyterian Church, to exercise an option to extend the term of the lease four years, for the period of August 1, 2024 through July 31, 2028, following a permitted eleven-month holdover period, and add one four-year option to extend the term for approximately 5,400 square feet of classroom and office space and approximately 16,870 square feet of playground and parking area for the Preschool Services Department in Ontario, increasing the amount by \$561,276, from \$2,274,327 to \$2,835,603.
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.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The lease amendment (Amendment) of \$561,276, increasing the total cost from \$2,274,327 to \$2,835,603, is 86% federally funded and 14% state funded. The Amendment cost includes the 11-month holdover period, as noted in the annual lease cost schedule below. Lease payments will be made from the Real Estate Services Department (RESD) Rents budget (7810001000) and reimbursed from the Preschool Services Department (PSD) budget

Amendment to Lease Agreement with Westminster United Presbyterian Church for Classroom, Office Space, Playground and Parking Space in Ontario
July 23, 2024

(5911432220). Sufficient appropriation and revenue are included in the 2024-25 RESD Rents and PSD budgets and will be included in future recommended budgets.

<u>Year</u>	<u>Annual Lease Cost</u>
September 1, 2023 – July 31, 2024	*\$98,604
August 1, 2024 – July 31, 2025	\$110,808
August 1, 2025 – July 31, 2026	\$114,048
August 1, 2026 – July 31, 2027	\$117,288
August 1, 2027 – July 31, 2028	\$120,528
Total Cost	\$561,276

*Holdover period

BACKGROUND INFORMATION

On August 25, 1998 (Item No. 19b), the San Bernardino County (County) Board of Supervisors (Board) approved three-year Lease Agreement No. 98-732, commencing September 1, 1998, with three two-year options to extend for 4,904 square feet of classroom and office space and 16,870 square feet of playground and parking area at 720 North Sultana Avenue in Ontario. In the 26 years since the lease was originally approved (see table below), the Board has approved seven amendments to extend the term, add additional options to extend the term, increase the square footage to 5,400 square feet of classroom and office space, increase the County's share of utility costs, and update standard lease agreement language.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	February 26, 2002	78
2	August 26, 2003	57
3	August 30, 2005	60
4	October 23, 2007	32
5	August 9, 2011	39
6	August 25, 2015	39
7	July 23, 2019	35

In February 2019, PSD requested RESD exercise the remaining four-year option to extend the term for the period of September 1, 2019, through August 31, 2023, following a permitted eleven-month holdover period, and to add a new four-year option period to extend the term. RESD completed a market analysis of comparable properties in the Ontario area for commercial office space and determined the current rate of \$8,154 per month is within the mid-range of current market rates.

RESD informed the Westminster United Presbyterian Church (Church) of the County's intent to exercise the final four-year option extending the term through July 31, 2028 and desire to negotiate additional term extensions. The recommended Amendment provides for the continued use of the facility, adds one additional four-year option to extend the term, adjusts the rent schedule (without an increase in the monthly rent payable for the first year of the extended term), and updates standard lease agreement language.

County Policy No. 12-02 - Leasing Privately Owned Real Property for County Use (Policy) via a Solicitation of Proposals process provides that the Board may approve the use of an alternative procedure in lieu of a Formal Request for Proposals (RFP) process whenever the Board determines that compliance with the Formal RFP requirements would unreasonably interfere

**Amendment to Lease Agreement with Westminster United Presbyterian Church for Classroom, Office Space, Playground and Parking Space in Ontario
July 23, 2024**

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.

The Policy also requires a thorough and detailed review by the County Administrative Office or designee to validate the need for and provide a competitive analysis of any lease with a term of more than 20 years. Exercising the existing four-year option to extend the term for the period of August 1, 2024 through July 31, 2028, will provide for an aggregate term of 30 years, and using an alternate procedure to add one new four-year option will potentially yield an aggregate term of 34 years.

RESO completed an analysis of the area in which this facility is located and found the negotiated rental rate is competitive, this facility best meets the needs of CFS, and CFS would reduce expenses by remaining in the current location. RESO requests that the Board approve the use of an alternative procedure in lieu of a Formal RFP to extend the term four years and add one four-year option to extend the term without the requirement of a Formal RFP process.

The project to approve the Amendment with the Church was reviewed pursuant to the California Environmental Quality Act and determined to be categorically exempt under Section 15301 - Existing Facilities (Class 1) because Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use. The lease is to secure property to operate within the existing structure with negligible or no expansion of existing use.

Summary of Lease Terms

Lessor:	Westminster United Presbyterian Church Barbara Alwin President
Location:	720 North Sultana Avenue, Ontario
Size:	Approximately 5,400 square feet of office and classroom space and 16,870 feet of playground and parking area
Term:	Four years commencing August 1, 2024
Options:	One four-year option
Rent:	Cost per square foot per month: \$1.71 (office space only) Monthly: \$9,234 Annual: \$110,808 *Mid-range for comparable facilities in the Ontario area per the competitive set analysis on file with RESO
Annual Increases:	3%
Improvement Costs:	None
Custodial:	Provided by County

Amendment to Lease Agreement with Westminster United Presbyterian Church for Classroom, Office Space, Playground and Parking Space in Ontario
July 23, 2024

Maintenance:	Interior and playground maintenance provided by County; all other maintenance provided by Lessor
Utilities:	County pays 50% of the utility costs (gas, electric, sewer, water, and trash); County pays for its own telephone costs and any additional dumpsters needed
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:	Either party has the right to terminate with 90-days' notice
Parking:	Sufficient for County 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 June 18, 2024; Preschool Services (Jacquelyn Greene, Director, 383-2025) on June 18, 2024; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on June 18, 2024; Finance (Paul Garcia, 386-8392, and Garrett Baker, 387-3077, Administrative Analysts) on July 2, 2024; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on July 5, 2024.

(KB:453-9865)

**Amendment to Lease Agreement with Westminster United Presbyterian
Church for Classroom, Office Space, Playground and Parking Space in
Ontario
July 23, 2024**

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.), Dawn Rowe, Curt Hagman, Joe Baca, Jr.
Absent: Jesse Armendarez

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: July 23, 2024



cc: RESD - Thompsonn w/agree
 Contractor - c/o RESD w/agree
 File - w/agree
CCM 08/2/2024