

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

February 11, 2020

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
MICHAEL JIMENEZ, County Librarian, County Library**

SUBJECT

Amendment No. 2 to Lease Agreement with the Town of Yucca Valley for Library and Office Space in Yucca Valley for the County Library

RECOMMENDATION(S)

Approve **Amendment No. 2 to Lease Agreement No. 17-729** with the Town of Yucca Valley to increase the existing one-time reimbursement, an amount not to exceed \$700,000, for certain furniture, fixtures, and equipment for 7,200 square feet of library and office space for the County Library located at 57271 Twentynine Palms Highway in Yucca Valley by an additional amount not to exceed \$425,000, for a total one-time reimbursement in an amount not to exceed \$1,125,000.

(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 require additional Discretionary General Funding (Net County Cost). The total cost of this amendment is an amount not to exceed \$425,000. The existing 15-year lease agreement, which was previously approved by the Board of Supervisors (Board) on September 12, 2017 (Item No. 52), includes \$855,360 for rent, which includes the cost of turnkey tenant improvements to be constructed by the Town of Yucca Valley (Town), and an amount not to exceed \$700,000 as a one-time reimbursement for certain furniture, fixtures, and equipment (FF&E) to be acquired and installed by the Town for a total cost of \$1,555,360. This amendment increases the one-time FF&E reimbursement by \$425,000 from an amount not to exceed \$700,000 to an amount not to exceed \$1,125,000. With the amendment, the total cost of the lease is \$855,360 for rent and an amount not to exceed \$1,125,000 for FF&E for a total cost of \$1,980,360. Rent payments will be made from the Rents budget (7810001000) and reimbursed from the Library budget (6402302600). The one-time FF&E reimbursement will be paid directly to Town from County Library (Library) budget (6402302600). Funding the costs associated with the FF&E was included in the Library 2019-20 Adopted budget (6402302600).

BACKGROUND INFORMATION

The recommended action will amend an existing 15-year lease with the Town by increasing the existing \$700,000 reimbursement amount by \$425,000 for FF&E for 7,200 square feet of library and office space located at 57271 Twentynine Palms Highway for the new Library in Yucca Valley. Upon completion and acceptance of the turn-key tenant improvements to be constructed

**Amendment No. 2 to Lease Agreement with the Town of Yucca Valley
for Library and Office Space in Yucca Valley for the County Library
February 11, 2020**

by Town, Library will reimburse the Town an amount not to exceed \$1,125,000 for the new library.

On September 12, 2017 (Item No. 52), the Board approved a 15-year lease agreement with the Town for 7,200 square feet of library and office space located at 57271 Twentynine Palms Highway for a new library in Yucca Valley. The Town proposed to renovate an existing bank facility at its sole expense, estimated to be approximately \$1.0 million, to house the new library, provided that Library contributes to certain FF&E for the new library. In the two years since the lease was originally approved, the Board has approved one amendment to revise the commencement date of the initial term to March 1, 2020 and the end date to February 28, 2035 as a result of delays outside of the landlord's control.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	April 2, 2019	21

The Real Estate Services Department (RESA) was notified in October 2018, by the Town (Landlord) that the landlord improvements to be constructed pursuant to the lease in Yucca Valley for the Library would be delayed until March 1, 2020. Library does not anticipate any operational issues with the delay. Library currently leases approximately 8,252 square feet of library and office space from the Town at 57098 Twentynine Palms Highway in Yucca Valley pursuant to Lease Agreement, Contract No.03-586, which was approved by the Board on June 24, 2003 (Item No.56). The existing lease is currently on a permitted month-to-month holdover and Library will remain in holdover until completion of the new library. Library is currently working with the Town on the relocation project, in the shared effort to keep the current Yucca Valley Branch Library open until the new location is ready to be unveiled.

Amendment No. 2 to Lease Agreement No. 17-729 increases the one-time not to exceed reimbursement amount for FF&E requested by Library by \$425,000 to \$1,125,000. This increase will cover items not originally included in the Town's renovation specifications, but requested subsequently by Library. 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:	Town of Yucca Valley (Robert Lombardo, Mayor)
Location:	57271 Twentynine Palms Highway, Yucca Valley
Size:	7,200 square feet
Term:	15 years commencing March 1, 2020
Options	Two five-year options to extend
Rent:	Cost per sq. ft. per month: \$0.65 Monthly: \$4,680

**Amendment No. 2 to Lease Agreement with the Town of Yucca Valley
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February 11, 2020**

Summary of Lease Terms

	Annual: \$56,160 *Low-range for comparable facilities in the Yucca Valley area per the competitive set analysis on file with RESD
Annual Increases:	2% at the beginning of years six and 11
Improvement Costs:	Turn-key tenant improvement costs at lessor expense, certain FF&E to be acquired and installed by Town shall be reimbursed by Library at a one-time cost not to exceed \$1,125,000 to fund new book, shelving, furniture, surveillance system, interior signage, a one-of-a kind children's space, circulation desk, and certain supplies and equipment.
Custodial	Provided by County
Maintenance:	Provided by Lessor, except County to maintain the fire extinguishers
Utilities:	Provided by Lessor
Insurance:	Both parties are self-insured public entities
Right to Terminate:	Neither party has the right to terminate during the initial 15-year term except on 90-days' notice due to loss of funding by either party; in which case, a termination fee for unamortized costs shall be payable by the terminating party
Parking:	Sufficient for County needs

PROCUREMENT

This lease amendment is exempt from County Policy 12-02 – Leasing Privately Owned Real Property for County Use as it is with another governmental entity.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel and Katherine Hardy, Deputy County Counsel, 387-5455) on January 16, 2020; Library (Patrick Scalzitti, Finance and Operations Chief) on January 7, 2020; Purchasing (Michelle Churchill, Buyer III, 387-2070) on January 15, 2020; Finance (Monique Amis, Administrative Analyst, 387-4883) on January 26, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on January 28, 2020.

(PN: 677-8321)

**Amendment No. 2 to Lease Agreement with the Town of Yucca Valley
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February 11, 2020**


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: February 11, 2020



cc: RESD- Thompson w/agree
Contractor- C/O RESD w/agree
File- w/agree
la 02/12/2020