

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

June 22, 2021

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

MICHAEL JIMENEZ, County Librarian, County Library

SUBJECT

Amendment No. 6 to Lease Agreement with the City of Grand Terrace for Library Space for the County Library in Grand Terrace

RECOMMENDATION(S)

Approve **Amendment No. 6** to Lease **Agreement No. 04-427** with the City of Grand Terrace to extend the term of the lease, by the County's exercise of an existing three-year extension option, for the period of July 1, 2021 through June 30, 2024 (for an aggregate term of 20.1 years), following a permitted one-month holdover for the period of June 1, 2021 through June 30, 2021, adjust the rental rate schedule, and update standard lease agreement language for 3,500 square feet of library space for the County Library at 22795 Barton Road in Grand Terrace in the amount of \$71,155.

(Presenter: Terry W. Thompson, Director, 387-5000)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The total cost of this three-year amendment, including the permitted holdover at the current lease rate of \$1,855 per month for one month, is \$71,155. Lease payments will be made from the Real Estate Services Department (RESA) Rents budget (7810001000) and reimbursed from the Library budget (6402202600). Sufficient appropriation is included in both the Library and Rents 2021-22 budgets. Annual lease costs are as follows:

<u>Period</u>	<u>Annual Lease Cost</u>
June 1, 2021 – June 30, 2021	\$ 1,855
July 1, 2021 – June 30, 2022	\$22,680
July 1, 2022 – June 30, 2023	\$23,100
July 1, 2023 – June 30, 2024	<u>\$23,520</u>
Total Cost:	\$71,155

BACKGROUND INFORMATION

The recommended action will amend an existing lease with the City of Grand Terrace (City) by extending the term of the lease by the County exercising an existing three-year extension option, for the period of July 1, 2021 through June 30, 2024, following a permitted one-month holdover for the period of June 1, 2021 through June 30, 2021, adjust the rental rate schedule,

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and update standard lease agreement language due to the continuing need for library space in Grand Terrace.

On May 25, 2004 (Item No. 42), the Board of Supervisors (Board) approved a five-year lease agreement, No. 04-427, with three two-year options to extend the term of the lease for 3,500 square feet of library space for the County Library in Grand Terrace. The original term of the lease was for the period of June 1, 2004 through May 31, 2009. In the 17 years since the lease was originally approved, the Board has approved five amendments to exercise the initial options to extend the term of the lease, add two three-year options to extend the term of the lease, exercise two additional options to extend the term of the lease, adjust the rental rate schedule, and update standard lease agreement language.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	April 21, 2009	42
2	May 17, 2011	60
3	May 21, 2013	50
4	April 21, 2015	52
5	May 22, 2018	111

There continues to be a need to provide library services in the Grand Terrace area and this location meets the needs of the County Library. The County Library requested RESD process an amendment to the lease to extend the term three years through the exercise of the County's existing three-year extension option for the period of July 1, 2021 through June 30, 2024, following a permitted one-month holdover for the period of June 1, 2021 through June 30, 2021, adjust the rental rate schedule, and update standard lease agreement language. In the administration of the lease, the amendment permits the Director of RESD to execute amendments that solely reflect a successor landlord following a sale of the property, which is consistent with the existing administrative authority for the RESD's Director to exercise the County's early termination right. 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:	City of Grand Terrace (G. Harold Duffey, City Manager)
Location:	22795 Barton Road, Grand Terrace
Size:	3,500 square feet
Term:	Three years commencing July 1, 2021
Options:	One three-year option
Rent:	Cost per square foot: \$0.54* Modified Gross Monthly: \$1,890 Annual: \$22,680 *Low-range for comparable facilities in the Grand Terrace area

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	per the competitive set analysis on file with RESD
Annual Increases:	Approximately 2%
Improvement Costs:	None
Custodial:	Provided by County
Maintenance:	Provided by Lessor
Utilities:	Provided by Lessor
Insurance:	Both parties are self-insured public entities
Right to Terminate:	Either party has the right to terminate with 180-days' notice
Parking:	Sufficient for County needs

PROCUREMENT

This lease with the City is exempt from the procurement process required by County Policy 12-02 – Leasing Privately Owned Real Property for County Use (Policy 12-02) because Policy 12-02 does not apply to leases of premises owned by a federal agency, the State of California, a city, a county, a school district, a special district, or other public entity.

Policy 12-02 also requires a thorough and detailed review by the County Administrative Office (CAO) or designee to validate the need for and provide a competitive analysis of any lease with a term of more than 20 years. Extending the term of the lease for the three-year period of July 1, 2021 through June 30, 2024 will provide for an aggregate term of 20.1 years.

RESD, acting in its approved capacity as the CAO designee to review proposed real property leases under Policy 12-02, completed a competitive analysis of the market and found the rental rate for the extended term to be competitive, this facility best meets the requirements of the department, minimizes disruption to the program activities, saves on relocation cost, and will allow County Library to continue to serve the residents in the Grand Terrace area.

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 May 3, 2021; Library (Patrick Scalzitti, Finance and Operations Chief, 387-2220) on April 21, 2021; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on May 19, 2021; Finance (Elias Duenas, Administrative Analyst, 387-4052 and Carl Lofton, Administrative Analyst, 387-5404) on June 7, 2021; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on June 7, 2021.

(PN: 677-8321)

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Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Dawn Rowe

Ayes: Col. Paul Cook (Ret.), Janice Rutherford, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: June 22, 2021



cc: RESD- Thompson w/agree
Contractor- C/O RESD w/agree
File-w/agree

LA 07/2/2021