

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

May 21, 2024

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

SUBJECT

Amendment to Revenue Lease Agreement with Coffee Nutzz, Inc. in Rancho Cucamonga

RECOMMENDATION(S)

1. Find that approval of Amendment No. 1 to Revenue Lease Agreement No. 18-756 with Coffee Nutzz, Inc., for the exclusive use of approximately 568 square feet of space is an exempt project under the California Environmental Quality Act Guidelines Section 15301 – Existing Facilities (Class 1).
2. Approve **Amendment No. 1** to Revenue Lease **Agreement No. 18-756** with Coffee Nutzz, Inc., for the period of June 1, 2024 through May 31, 2029, for the exclusive use of approximately 568 square feet of space for a food and non-alcoholic beverage service and the non-exclusive use of the adjacent seating area within the Foothill Law and Justice Center located at 8303 Haven Avenue in Rancho Cucamonga, for revenue in the amount of \$67,885 (Four votes required).
3. 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 total revenue to be received for Amendment No. 1 (Amendment) to Lease Agreement No. 18-756 (Lease) over the five-year term, including the permitted six-month holdover, is \$67,885. Revenue will be deposited in the Real Estate Services Department (RESD) Rents budget (7810001000). Annual Lease revenue is as follows:

<u>Year</u>	<u>Revenue</u>
*December 1, 2023 – May 31, 2024	\$5,844
June 1, 2024 – May 31, 2025	\$11,922
June 1, 2025 – May 31, 2026	\$12,160
June 1, 2026 – May 31, 2027	\$12,403
June 1, 2027 – May 31, 2028	\$12,651
June 1, 2028 – May 31, 2029	<u>\$12,905</u>
Total Revenue	<u>\$67,885</u>

*Reflects the permitted holdover.

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BACKGROUND INFORMATION

The recommended action will provide for a five-year extension to the Lease with Coffee Nutzz, Inc. (Coffee Nutzz) for the exclusive use of approximately 568 square feet of space, for a food and non-alcoholic beverage service and the non-exclusive use of the adjacent seating area within the Foothill Law and Justice Center (FLJC) located at 8303 Haven Avenue in Rancho Cucamonga (Premises), because of the need to provide food service to the visitors and employees of the FLJC.

On October 16, 2018 (Item No. 41), the Board of Supervisors (Board) approved the five-year Lease with Coffee Nutzz for the period of December 1, 2018 through November 30, 2023. During the term of the original Lease, Coffee Nutzz constructed a service counter at the Premises, installed grab-and-go display cases at the Premises, and refurbished all existing San Bernardino County (County) owned tables and chairs in the adjacent seating area. Coffee Nutzz has exclusive use of approximately 568 square feet, which includes the commissary area for the preparation of concession products and the non-exclusive use of the seating area adjacent to the Premises. The adjacent seating area is available for customers of Coffee Nutzz and to the general public, jurors, employees of the court, and employees of the County departments located within the courthouse. This Amendment will allow Coffee Nutzz to continue to provide food and non-alcoholic beverages to the general public, jurors, and employees of the court, which has been an enjoyed amenity by both the public and employees.

Due to continued negotiations regarding the rental rate at renewal, the renewal process was delayed and on December 1, 2023, the Lease went into a permitted six-month holdover. Coffee Nutzz has continued to occupy the Premises and abide by the terms of the Lease. The Amendment to the Lease extends the terms for five years, adjusts the rental rate schedule, and updates standard lease agreement language. All other terms and conditions of the Lease remain unchanged.

The project to approve the Amendment to the Lease was reviewed pursuant to the California Environmental Quality Act and determined to be categorically exempt under 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. Pursuant to Government Code section 25536, the Board is authorized to lease, by a four-fifths vote, County owned property held for use for employee cafeteria purposes.

Summary of Lease Terms

Lessee:	Coffee Nutzz, Inc.
Location:	Foothill Law and Justice Center located at 8303 Haven Avenue in Rancho Cucamonga
Size:	Approximately 568 square feet
Term:	June 1, 2024 through May 31, 2029
Options:	None
Rent:	Cost per square foot per month: \$1.75* Monthly: \$993 Annual: \$11,922

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*Mid-range for comparable facilities in the Rancho Cucamonga area per the competitive set analysis on file with RESD

Annual Increases:	2%
Improvement Costs:	N/A
Custodial:	Provided by Lessee in exclusive space, provided by County in non-exclusive space
Maintenance:	Provided by County
Utilities:	Provided by County
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 may terminate with 90-days' notice
Parking:	N/A

PROCUREMENT

On November 1, 2017, a Solicitation of Proposals was issued by the Director of RESD to solicit proposals to operate a restaurant, cafeteria, or similar food service operation within the FLJC on the Premises. Two proposals were received. A committee evaluated the qualifications, proposed operation, startup costs and menu selections of each applicant. Based on this criteria, Coffee Nutzz was determined by the committee to have made the best proposal to provide service at this location.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, Deputy County Counsel, 387-5455) on April 15, 2024; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on April 21, 2024; Finance (Garrett Baker, Administrative Analyst, 387-3077) on May 1, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on May 1, 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.), Dawn Rowe, Curt Hagman, Joe Baca, Jr.
Absent: Jesse Armendarez

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: May 21, 2024



cc: RESD - Thompson w/ agree
 Contractor c/o RESD w/ agree
 File w/ agree

JLL 05/23/2024