

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

February 27, 2024

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

JOSHUA DUGAS, Director, Department of Public Health

SUBJECT

Amendment to Lease Agreement with BART F. RINKER, Executor of the Estate of Harry S. Rinker, and DIANE J. RINKER, Trustee of the Diane J. Rinker Living Trust UDT/May 7, 2021, successors in interest to the Harry S. Rinker and Diane J. Rinker revocable trust dated May 10, 1966, as amended and restated; AUGUST HENRY REITER, Trustee of the Reiter Family Trust for Office Space in Rancho Cucamonga

RECOMMENDATION(S)

1. Find that approval of Amendment No. 9 to Lease Agreement No. 96-825 with BART F. RINKER, Executor of the Estate of Harry S. Rinker, and DIANE J. RINKER, Trustee of the Diane J. Rinker Living Trust UDT/May 7, 2021, successors in interest to the Harry S. Rinker and Diane J. Rinker revocable trust dated May 10, 1966, as amended and restated; AUGUST HENRY REITER, Trustee of the Reiter Family Trust, for office space is an exempt project under the California Environmental Quality Act Guidelines Section 15301 – Existing Facilities (Class 1).
2. Approve **Amendment No. 9 to Lease Agreement No. 96-825** with BART F. RINKER, Executor of the Estate of Harry S. Rinker, and DIANE J. RINKER, Trustee of the Diane J. Rinker Living Trust UDT/May 7, 2021, successors in interest to the Harry S. Rinker and Diane J. Rinker revocable trust dated May 10, 1966, as amended and restated; AUGUST HENRY REITER, Trustee of the Reiter Family Trust to reflect a change of ownership from A.H. Reiter Development Company, a California General Partnership, to BART F. RINKER, Executor of the Estate of Harry S. Rinker, and DIANE J. RINKER, Trustee of the Diane J. Rinker Living Trust UDT/May 7, 2021, successors in interest to the Harry S. Rinker and Diane J. Rinker revocable trust dated May 10, 1966, as amended and restated; AUGUST HENRY REITER, Trustee of the Reiter Family Trust, extend the term of the lease for an additional three years, for the period of March 1, 2024 through February 28, 2027, following a permitted 15-month holdover for the period of December 1, 2022 through February 29, 2024, update the rental rate schedule and standard lease agreement language for 3,700 square feet of office space located at 9507 Arrow Route, Building #7, Suite A, in Rancho Cucamonga, for the Women, Infants, and Children Program in Rancho Cucamonga in the total amount of \$372,105.
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.

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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 three-year amendment is \$372,105. Lease payments will be made from the Real Estate Services Department (RESO) Rents budget (7810001000) and reimbursed from the Department of Public Health (DPH) Women, Infants, and Children (WIC) budget (9300061000), which is 100% federally funded. Sufficient appropriation is included in the 2023-24 Rents and DPH budgets and will be included in future recommended budgets. Annual lease costs are as follows:

<u>Year</u>	<u>Annual Lease Cost</u>
December 1, 2022 – February 29, 2024	\$117,105*
March 1, 2024 – February 28, 2025	\$78,000
March 1, 2025 – February 28, 2026	\$84,000
March 1, 2026 – February 28, 2027	\$93,000
Total Cost	\$372,105

*Reflects the permitted holdover.

BACKGROUND INFORMATION

The recommended action will reflect a change in ownership from A.H. Reiter Development Company, a California General Partnership, to BART F. RINKER, Executor of the Estate of Harry S. Rinker, and DIANE J. RINKER, Trustee of the Diane J. Rinker Living Trust UDT/May 7, 2021, successors in interest to the Harry S. Rinker and Diane J. Rinker revocable trust dated May 10, 1966, as amended and restated; AUGUST HENRY REITER, Trustee of the Reiter Family Trust (Reiter Trust and Rinker Trust), extend the term of the lease for the period of March 1, 2024 through February 28, 2027, following a permitted 15-month holdover for the period of December 1, 2022 through February 29, 2024, adjust the rental rate schedule, and update standard lease agreement language because of the continuing need to provide WIC services in the Rancho Cucamonga area.

On September 10, 1996 (Item No. 34), the San Bernardino County (County) Board of Supervisors (Board) approved a five-year Lease Agreement, No. 96-825 (Lease), with three two-year options to extend the term of the Lease for 3,700 square feet of office space for the DPH WIC program located at 9507 Arrow Route, Building #7, Suite A, in Rancho Cucamonga (Premises). The original term of the Lease was for the period of October 1, 1996 through September 30, 2001. In the 27 years since the Lease was originally approved, the Board has approved eight amendments to exercise options to extend the term of the Lease, give the Board authorization to negotiate further extensions to the Lease, update the rental rate schedule, and update standard lease agreement language.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	November 27, 2001	25
2	December 2, 2003	28
3	August 16, 2005	26
4	August 21, 2007	35

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<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
5	September 14, 2010	80
6	September 10, 2013	60
7	November 15, 2016	42
8	October 8, 2019	33

Amendment 8 to the Lease exercised the final three-year Lease extension option for the period of December 1, 2019 through November 30, 2022. With a continuing need to provide WIC services in this area of Rancho Cucamonga, DPH requested RESD to extend the term of the Lease. Effective March 2, 2021, Reiter Trust and Rinker Trust informed the County that they acquired all rights, titles, and interest to the Premises. Negotiations with Reiter Trust and Rinker Trust regarding the rent delayed the renewal process and on December 1, 2022, the Lease went into permitted 15-month holdover through February 29, 2024. DPH's WIC program has continued to occupy the leased premises and abide by the terms of the Lease. Amendment No. 9 to the Lease extends the term of the Lease for the period of March 1, 2024 through February 28, 2027, 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 Amendment No. 9 to the Lease was reviewed pursuant to the California Environmental Quality Act and determined to be categorically exempt under Guidelines 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.

Summary of Lease Terms

Lessor: BART F. RINKER, Executor of the Estate of Harry S. Rinker, and DIANE J. RINKER, Trustee of the Diane J. Rinker Living Trust UDT/May 7, 2021, successors in interest to the Harry S. Rinker and Diane J. Rinker revocable trust dated May 10, 1966, as amended and restated; AUGUST HENRY REITER, Trustee of the Reiter Family Trust (Jim Neiger, Authorized Signor)

Location: 9507 Arrow Route, Building #7, Suite A, Rancho Cucamonga

Size: 3,700 square feet

Term: Three years, commencing March 1, 2024 and expiring February 28, 2027

Options: None

Rent: Cost per square foot per month: \$1.76*
Monthly: \$6,500
Annual: \$78,000
*Low-range for comparable facilities in the Rancho Cucamonga area per the competitive set analysis on file with RESD

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Annual Increases:	Approximately 8% in year two and 11% in year three of the term
Improvement Costs:	None
Custodial:	Provided by Lessor
Maintenance:	Provided by Lessor
Utilities:	Provided by Lessor, subject to a \$0.38 per square foot electric utility expense cap that will increase annually by 3% (excess cost reimbursed 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:	County has the right to terminate with 90-days' notice
Parking:	Sufficient for County needs

PROCUREMENT

On September 10, 1996 (Item No. 34), the Board approved the Lease which was procured according to County Policy 12-02 – Leasing Privately Owned Real Property for County Use (Policy). On August 16, 2005 (Item No. 26), the Board approved the use of an alternative procedure in lieu of a Formal Request for Proposals (RFP) process as provided in the Policy to negotiate additional extensions to the term of the Lease. The Policy requires a thorough and detailed review by the County Administrative Office designee, RESD, to validate the need for and provide a competitive analysis of any lease with a term of more than 20 years. RESD completed a competitive analysis of the area and found the current rental rate is competitive.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II and Adam Ebright, Deputies County Counsel, 387-5455) on January 23, 2024; Public Health (Jennifer Osorio, Assistant Director, 387-9146) on February 1, 2024; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on January 29, 2024; Finance (Iliana Rodriguez, 387-4205, and Garrett Baker, 387-3077, Administrative Analysts) on February 7, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on February 7, 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.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: February 27, 2024



cc: RESD - Thompson w/ agree
 Contractor c/o RESD w/ agree
 File w/ agree
JLL 02/29/2024