

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

March 25, 2025

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
JAMES LOCURTO, Director, Transitional Assistance Department**

SUBJECT

Amendment to Lease Agreement with Lolly Ventures, LLC for Office Space in Twentynine Palms

RECOMMENDATION(S)

1. Find that approval of Amendment No. 6 to Lease Agreement No. 00-824 with Lolly Ventures, LLC for office space, is an exempt project under the California Environmental Quality Act Guidelines, Section 15301 – Existing Facilities (Class 1).
2. Approve **Amendment No. 6 to Lease Agreement No. 00-824** with Lolly Ventures, LLC to extend the term five years for the period of April 1, 2025, through March 31, 2030, following a permitted 11-month holdover for the period of May 1, 2024, through March 31, 2025, adjust the rental rate schedule, add day porter language, and update standard lease agreement language for 4,704 square feet of office space for the Transitional Assistance Department, located at 73629 Sun Valley Drive in Twentynine Palms, in the amount of \$890,846 including the permitted holdover amount of \$111,254, for a total cost in the amount of \$3,294,890.
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.

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 additional Discretionary General Funding (Net County Cost). The total cost of Amendment No. 6 (Amendment) to Lease Agreement No.00-824 (Lease), including the permitted holdover, is \$890,846. Lease payments will be made from the Real Estate Services Department (RESD) Rents budget (7810001000) and reimbursed from the Human Services (HS) budget (5013351000). Lease costs in the HS Administrative budget are funded with 85% Federal and State funding, 8% 2011 Realignment, and 7% Discretionary General Funding (Net County Cost). Sufficient appropriation is included in the 2024-25 HS and RESD budgets and will be included in future recommended budgets. Annual lease costs are as follows:

Year	Annual Lease Cost
*May 1, 2024 – March 31, 2025	\$111,254

**Amendment to Lease Agreement with Lolly Ventures, LLC for Office Space in Twentynine Palms
March 25, 2025**

April 1, 2025, through March 31, 2026	\$146,844
April 1, 2026, through March 31, 2027	\$151,248
April 1, 2027, through March 31, 2028	\$155,784
April 1, 2028, through March 31, 2029	\$160,452
April 1, 2029, through March 31, 2030	\$165,264
Total Cost	\$890,846

*Holdover Period

BACKGROUND INFORMATION

On August 22, 2000 (Item No. 40), the Board of Supervisors (Board) approved the seven-year Lease, with two five-year options to extend the term for 4,704 square feet of build-to-suit office space at 73629 Sun Valley Drive in Twentynine Palms for the Transitional Assistance Department (TAD). The original term was for the period of May 1, 2001, through April 30, 2008. In the 24 years since the Lease was originally approved, the Board approved four Amendments, and the fifth Amendment was executed by the Director of RESD for a Change of Property Ownership.

Amendment No.	Approval Date	Item No.
1	September 17, 2001	93
2	May 19, 2009	33
3	July 9, 2013	38
4	April 30, 2019	57
5	August 25, 2021	N/A

TAD requested RESD negotiate Amendment No. 6 (Amendment) and exercise a five-year extension of the term to continue services in the Twentynine Palms area. RESD conducted a market survey of comparable properties in the Twentynine Palms area. The proposed rate of \$2.41 per square foot per month is high compared to similar properties in the area, but in line with similar County leases in the Twentynine Palms area.

There is an ongoing need for community support in the Twentynine Palms region and this location meets the needs for TAD. This Amendment allows for the continued use of 4,704 square feet of office space in Twentynine Palms by extending the term for the period of April 1, 2025, through March 31, 2030, following a permitted 11-month holdover for the period of May 1, 2024, through March 31, 2025, adjusting the rent schedule, incorporates day porter services into the monthly rent to align with the Department's updated janitorial and day porter service specifications, includes a monthly fee for the upgraded services, and updates the standard lease agreement language.

The project to approve the Amendment was reviewed pursuant to the California Environmental Quality Act (CEQA) and determined to be categorically exempt under CEQA Guidelines Section 15301 – Existing Facilities (Class 1) because there is no possibility that the leasing of the subject property will have a significant effect on the environment.

Summary of Lease Terms

Lessor: Lolly Ventures, LLC
Mathew Thomas, Managing Member

**Amendment to Lease Agreement with Lolly Ventures, LLC for Office Space in Twentynine Palms
March 25, 2025**

Location: 73629 Sun Valley Drive, Twentynine Palms

Size: 4,704 square feet of office space

Term: Five years commencing April 1, 2025

Options: One five-year option remains

Rent: Cost per square foot per month: \$2.41
Monthly: \$11,337 (Rounded)
Annual: \$136,044
*High-range for comparable facilities in the Twentynine Palms area per the competitive set analysis on file with RESD

Annual Increases: 3%

Improvement Costs: None

Custodial: Provided by Lessor; \$900 paid monthly by County

Maintenance: Provided by Lessor

Utilities: Provided by Lessor

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, excluding rent which will be 110% of the rent in effect at the time of expiration of the Lease

Right to Terminate: The County has the right to terminate with 90-days' notice

Parking: Sufficient for County needs

PROCUREMENT

Pursuant to Exceptions to County Policy 12-02 Leasing Privately Owned Property For County Use, Section 3.A. Amendments of Existing Leases, this policy shall not apply to amendments of existing leases (including an amendment to exercise an option to extend the term of a lease), provided the amendment does not exceed the maximum term (including options) of the lease.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II and Adam Ebricht, Deputies County Counsel, 387-5455) on February 14, 2025; Human Services (James Locurto, Director, 388-0245, and Chris Lange, Deputy Director, 386-8393) on January 28, 2025; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on January 29, 2025; Finance (John Hallen, 388-0208, and Eduardo Mora, 387-4376, Administrative Analysts) on March 5, 2025; and County Finance and

**Amendment to Lease Agreement with Lolly Ventures, LLC for Office
Space in Twentynine Palms
March 25, 2025**

Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on March 10, 2025.

(AR: 501-7579)


**Amendment to Lease Agreement with Lolly Ventures, LLC for Office
Space in Twentynine Palms
March 25, 2025**

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Curt Hagman
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: March 25, 2025



cc: RESD - Thompson w/agree
Contractor - c/o RESD w/agree
File - w/agree
MBA 03/26/2025