

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

January 10, 2023

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
JACQUELYN GREENE, Director, Preschool Services Department**

SUBJECT

Amendment to Lease Agreement with Elizabeth A. Burkle, Trustee of the Burkle Family Trust Dated November 8, 1999, for Classroom, Office, and Playground Space in Yucaipa

RECOMMENDATION(S)

1. Approve the Real Estate Services Department's use of an alternative procedure in lieu of a formal Request for Proposals as allowed per San Bernardino County Policy 12-02 - Leasing Privately Owned Real Property for San Bernardino County Use to extend the term of Lease Agreement No. 17-891 with Elizabeth A. Burkle, Trustee of the Burkle Family Trust dated November 8, 1999, for the two-year period of February 1, 2023 through January 31, 2025, for approximately 4,648 square feet of classroom and office space, and approximately 3,006 square feet of playground area located at 12236 California Street in Yucaipa for the Preschool Services Department.
2. Approve **Amendment No. 1** to Lease **Agreement No. 17-891** with Elizabeth A. Burkle, Trustee of the Burkle Family Trust dated November 8, 1999, to extend the term of the lease two years for the period of February 1, 2023 through January 31, 2025, following a permitted one month holdover from January 1, 2023 through January 31, 2023, adjust the rental rate schedule, and remove San Bernardino County's early termination right for approximately 4,648 square feet of classroom and office space, and approximately 3,006 square feet of playground area located at 12236 California Street in Yucaipa for the Preschool Services Department in a total amount of \$156,440.

(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) as the program is 86% federally funded and 14% state funded. The total cost of this two-year amendment, including the permitted one-month holdover period, is \$156,440. Lease payments will be made from the Real Estate Services Department (RES) Rents budget (7810001000) and reimbursed from the Preschool Services Department (PSD) budget (5911622220). Other costs associated with this lease include the cost for custodial, minor interior maintenance, servicing fire extinguishers and fire suppression equipment, heating, ventilation, and air-conditioning system maintenance, utility expenses and telephone expenses, which will be paid from the PSD budget. Sufficient appropriation is included in the 2022-23 PSD budget and will be requested for the Rents budget through mid-year adjustments. Future

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appropriation for both Rents and PSD budgets will be included in future recommended budgets. Annual lease costs are as follows:

<u>Year</u>	<u>Annual Lease Cost</u>	<u>Estimate of Other Costs Associated With This Lease</u>
January 1, 2023 – January 31, 2023	\$ 5,996	\$ 2,211
February 1, 2023 – January 31, 2024	\$ 74,112	\$27,355
February 1, 2024 – January 31, 2025	<u>\$ 76,332</u>	<u>\$28,176</u>
Total Cost	\$156,440	\$57,742

BACKGROUND INFORMATION

Recommendation No. 1 will approve RESD’s use of an alternative procedure in lieu of issuing a formal Request for Proposal (RFP) to extend the agreement, as allowed under San Bernardino County (County) Policy 12-02 – Leasing Privately Owned Real Property for County Use. Recommendation No. 2 will amend the existing lease agreement with Elizabeth A. Burkle, Trustee of the Burkle Family Trust dated November 8, 1999, to extend the term of the lease for two years for the period of February 1, 2023 through January 31, 2025, following a permitted one month holdover from January 1, 2023 through January 31, 2023, adjust the rental rate schedule, and remove the County’s early termination right for the use of approximately 4,648 square feet of classroom and office space and approximately 3,006 square feet of playground area located at 12236 California Street in Yucaipa because of the continuing need to provide PSD services in the Yucaipa area. Along with the premises, the lease provides that PSD has use of adjacent vacant land for parking and any future installation of modular building units.

PSD has occupied the preschool facility located at 12236 California Street in Yucaipa since 2018 under the provisions of Lease Agreement No. 17-891 which was originally approved by the Board of Supervisors (Board) on December 5, 2017 (Item No. 46).

On September 27, 2022, PSD notified RESD of its desire to extend the term of Lease Agreement No. 17-891 for two years and requested that RESD process an amendment for the extension and negotiate the rental rate for the extended term. RESD conducted a market survey and determined that the lease rate at the time of renewal was within the market rate.

During negotiations regarding the rental rate for the extension of Lease Agreement No. 17-891, the lease went into hold over status as of January 1, 2023. PSD continued to occupy the premises and abide by the provisions of the lease during the holdover period. A two-year extension, with the additional five-year extension option to remain, was negotiated and agreed upon by both parties. As part of the terms of the negotiated extension, the County will no longer have the right to terminate the lease at its discretion prior to the expiration date of the extended term. Amendment No. 1 to Lease Agreement No. 17-891 provides for PSD’s continued use of approximately 4,648 square feet of classroom and office space, and 3,006 square feet of playground area located at 12236 California Street in Yucaipa for the period of February 1, 2023 through January 31, 2025, following a permitted holdover period from January 1, 2023 through January 31, 2023, adjusts the rental rate schedule, and removes the County’s early termination right. All other terms and conditions of Lease Agreement No. 17-891 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.

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Summary of Lease Terms

Lessor: Elizabeth A. Burkle, Trustee of the Burkle Family Trust dated November 8, 1999

Location: 12236 California Street, Yucaipa

Size: Approximately 4,648 square feet of classroom and office space and 3,006 square feet of playground area along with use of vacant land for parking and any future installation of modular building units

Term: Two years commencing February 1, 2023

Options: One five-year option to extend the term of the lease remains

Rent: Cost per square foot per month (classroom and office space): \$1.33*
Monthly: \$6,176
Annual: \$74,112
*Mid-range for comparable facilities in the Yucaipa area per the competitive set analysis on file with RESD

Annual Increases: 3%

Improvement Costs: None

Custodial: To be provided by County

Maintenance: To be provided by Lessor; except County shall provide minor interior maintenance, servicing fire extinguishers and fire suppression equipment, and air-conditioning, heating and ventilation system maintenance

Utilities: Provided by the County

Insurance: The Certificate of Liability Insurance, as required by the lease, is on file with the Real Estate Services Department

Right to Terminate: None

Parking: Sufficient for County needs

PROCUREMENT

On December 5, 2017 (Item No. 46), the Board approved a five-year Lease Agreement No. 17-891, with one five-year option to extend the term of the lease. Using an alternate procedure, RESD issued a Solicitation of Proposal, which was procured in accordance with County Policy 12-02 - Procuring Privately Owned Real Property for County Use (Policy).

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The Policy provides that the Board may approve the use of an alternative procedure to the use of a formal RFP to extend the term of the lease for two years whenever the Board determines that compliance with the formal RFP requirements would unreasonably interfere with the financial or programmatic needs of the County, or when the use of an alternative procedure would otherwise be in the best interests of the County.

RESD completed a market analysis of comparable sites and found the rental rate for the extended term to be competitive. This site best meets the requirements of the department in the Yucaipa area.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel, and Adam Ebright, Deputy County Counsel, 387-5455) on December 7, 2022; Preschool Services Department (Jacquelyn Greene, Director, 383-2078) on December 7, 2022; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on December 1, 2022; Finance (Paul Garcia, Administrative Analyst, 386-8392, and Penelope Chang, Administrative Analyst, 387-4886) on December 12, 2022; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on December 15, 2022.

(AR: 893-0002)

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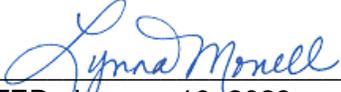
Record of Action of the Board of Supervisors
San Bernardino County

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: January 10, 2023



cc: RESD- Thompson w/agree
Contractor- C/O RESD w/agree
File- w/agree
LA 01/13/2023