

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

October 8, 2019

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

TRUDY RAYMUNDO, Director, Department of Public Health

SUBJECT

Amendment No. 8 to Lease Agreement with A.H. Reiter Development Company, a California General Partnership, for Office Space for the Department of Public Health, Women, Infants, and Children Program in Rancho Cucamonga

RECOMMENDATION(S)

Approve **Amendment No. 8** to Lease **Agreement No. 96-825** with A.H. Reiter Development Company, a California general partnership, to extend the term of the lease, for the period of December 1, 2019 through November 30, 2022, for 3,700 square feet of office space for the Department of Public Health, Women, Infants, and Children Program in Rancho Cucamonga in the amount of \$275,724.

(Presenter: Terry W. Thompson, Director, 387-5252)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Provide for the Safety, Health and Social Service Needs of County Residents.

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 cost of this three-year amendment is \$275,724. Lease payments will be made from the 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 2019-20 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, 2019 – November 30, 2020	\$ 90,132
December 1, 2020 – November 30, 2021	\$ 91,908
December 1, 2021 – November 30, 2022	\$ 93,684
Total Cost	\$275,724

BACKGROUND INFORMATION

The recommended action will extend the term of the lease by exercising the final three-year option for the period of December 1, 2019 through November 30, 2022, adjust the rental rate, and update standard lease agreement language because of the continuing need to provide the DPH WIC Program services in the Rancho Cucamonga area.

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On September 10, 1996 (Item No. 34), the Board of Supervisors (Board) approved a five-year lease agreement, No. 96-825, 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. The original term of the lease was for the period of October 1, 1996 through September 30, 2001. In the 23 years since the lease was originally approved, the Board has approved the following seven amendments to exercise options to extend the term of the lease, Board authorization to negotiate further extensions to the lease, increase the rent, 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
5	September 14, 2010	80
6	September 10, 2013	60
7	November 15, 2016	42

With a continuing need for DPH WIC to provide services in this area of Rancho Cucamonga, DPH requested the Real Estate Services Department (RESA) to exercise the final three-year option to extend the term of the lease. Amendment No. 8 to Lease Agreement No. 96-825 provides for a negotiated extension of the lease at the rate of \$2.03 per square foot (\$90,132 annually), an increase of \$0.04 from the prior rate of \$1.99 per square foot (\$88,356 annually), for the period of December 1, 2019 through November 30, 2022, adjusts the rent schedule, and updates standard lease agreement language. 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:	A.H. Reiter Development Company, a California general partnership (August H. Reiter III, General Partner)
Location:	9507 Arrow Route, Building #7, Suite A, Rancho Cucamonga
Size:	3,700 square feet of office space
Term:	Three years, commencing December 1, 2019
Options:	None
Rent:	Cost per sq. ft. per month: \$2.03* full service gross Monthly: \$7,511 Annual: \$90,132

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

Annual Increases:	2%
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
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 Lease Agreement No. 96-825 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 or designee to validate the need for and provide a competitive analysis of any lease with a term of more than 20 years. Approval of the recommended extension will exceed the 20-year term parameter. RESD completed a competitive analysis of the area and found the current rental rate is competitive and this facility best meets the requirements of the department and the department would save moving expense if it stays in the current location.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel, Adam Ebright, Deputy County Counsel, and Luke Wooley, Deputy County Counsel, 387-5455) on August 30, 2019; Department of Public Health (Corwin Porter, Assistant Director, 387-6218) on August 13, 2019; Purchasing Department (Michelle Churchill, Buyer III, 387-2070) on August 29, 2019; Finance (Paul Garcia, Administrative Analyst, 386-8392 and Wen Mai, Principal Administrative Analyst, 387-4020) on September 20, 2019; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on September 22, 2019.

(PN: 677-8321)

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

APPROVED (CONSENT CALENDAR)

Moved: Robert A. Lovingood Seconded: Janice Rutherford
Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: October 8, 2019



cc: RESD- Thompson w/agree
 Contractor c/o RESD w/agree
 File- w/agree
vh 10/15/2019