

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

February 6, 2024

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

SHANNON D. DICUS, Sheriff/Coroner/Public Administrator, Sheriff's Department

SUBJECT

Amendment to Lease Agreement with Desert Son Outdoor LLC for office and warehouse space in Barstow

RECOMMENDATION(S)

1. Find that approval of Amendment No. 3 to Lease Agreement No. 13-819 with Desert Son Outdoor LLC for office space is an exempt project under the California Environmental Quality Act Guidelines Section 15301 – Existing Facilities (Class 1).
2. Approve the Real Estate Services Department's use of an alternative procedure in lieu of a formal Request for Proposal, as allowed per County Policy 12-02 - Leasing Privately Owned Real Property for San Bernardino County Use, to lease approximately 3,200 square feet of office and warehouse space and 21,000 square feet of parking area at 2151 Armory Road in Barstow for the Sheriff/Coroner/Public Administrator for an extended five year term for the period of March 1, 2024 through February 28, 2029.
3. Approve **Amendment No. 3** to Lease **Agreement No. 13-819** with Desert Son Outdoor LLC to extend the term of the lease for five years, for the period of March 1, 2024 through February 28, 2029, following a permitted 11-month holdover for the period of April 1, 2023 through February 29, 2024; adjust the rental rate schedule; and update standard lease agreement language for 3,200 square feet of office and warehouse space and 21,000 square feet of parking area at 2151 Armory Road in Barstow for the Sheriff/Coroner/Public Administrator in the amount of \$320,638.
4. Authorize the Director of the Real Estate Services Department to approve and execute any other documents and take any other actions necessary to complete this transaction, subject to County Counsel review.
5. 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 this amendment, including the permitted holdover, is \$320,638 which includes a holdover cost in the amount of \$44,638. Lease payments will be made from the Real Estate Services Department (RESD) Rents budget (7810001000) and reimbursed from

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the Sheriff/Coroner/Public Administrator’s (Sheriff) budget (4434101000). The Sheriff is also responsible for interior maintenance, custodial, and utility costs (with the exception of water, sewer, and trash), which will be paid from the Sheriff’s budget (4434101000). Sufficient appropriation is included in the 2023-24 Sheriff and RESD budgets and will be included in future recommended budgets. Annual lease costs are as follows:

<u>Period</u>	<u>Annual Total</u>	<u>Estimate of Other Costs Associated With This Lease</u>
*April 1, 2023 - February 29, 2024	\$ 44,638	\$ 12,527
March 1, 2024 - February 28, 2025	\$ 53,040	\$ 15,484
March 1, 2025 - February 28, 2026	\$ 54,096	\$ 15,949
March 1, 2026 - February 28, 2027	\$ 55,176	\$ 16,427
March 1, 2027 - February 29, 2028	\$ 56,280	\$ 16,920
March 1, 2028 - February 28, 2029	<u>\$ 57,408</u>	<u>\$ 17,428</u>
Total Cost	\$ 320,638	\$ 94,735

* Holdover period

BACKGROUND INFORMATION

On September 24, 2013 (Item No. 59), the Board of Supervisors (Board) approved a three-year Lease Agreement, No. 13-819 (Lease), for 3,200 square feet of office and warehouse space at 2151 Armory Road in Barstow (Property). The original term of the Lease was for the period of October 1, 2013 through September 30, 2016. In the 11 years since the Lease was originally approved, the Board has approved two amendments to reflect a change of ownership, extend the term of the Lease through March 31, 2023, adjust the rental rate schedule, update standard lease agreement language, and add two three-year options to extend the term of the lease.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	July 26, 2016	35
2	March 10, 2020	51

The Sheriff Search and Rescue Station located at the Property provides services to over 9,200 square miles of land and covers the largest geographic jurisdiction in San Bernardino County (County). This current facility provides 3,200 square feet of office and warehouse space, 16-foot-high warehouse doors, and 21,000 square feet of parking area, of which approximately 11,000 square feet is used as a paved parking lot and approximately 10,000 square feet is used as a fenced gravel lot for the storage of the trucks, trailers, and search and rescue vehicles. The Sheriff requested that RESD negotiate a five-year extension of the Lease because of the need to continue to provide search and rescue services in the Barstow area.

Amendment No. 3 to the Lease with Desert Son Outdoor LLC (Landlord) will extend the term of the Lease for five years, for the period of March 1, 2024 through February 28, 2029, following a permitted 11-month holdover for the period of April 1, 2023 through February 29, 2024, due to protracted negotiations with the Landlord. RESD completed a competitive analysis of the market and found the current rental rate to be competitive, and determined this facility best meets the requirements of the Sheriff. Amendment No. 3 would adjust the rental rate schedule and update standard lease agreement language for 3,200 square feet of office and warehouse space and 21,000 square feet of parking area at the Property for a total of five years, in the amount of \$320,638, which includes a holdover cost in the amount of \$44,638.

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The project to approve the Lease Agreement 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: Desert Son Outdoor LLC
(Joel Mumford, Managing Member)

Location: 2151 Armory Road in Barstow

Size: 3,200 square feet of office and warehouse space plus 21,000 square feet of parking area, comprised of an 11,000-square-foot paved lot for parking and a 10,000-square-foot fenced gravel lot for storage

Term: Five years, commencing on March 1, 2024, and expiring on February 28, 2029

Options: Two Three-Year Options to Extend the Term of the Lease remaining

Rent: Cost per square foot per month: \$1.38*
Monthly: \$4,420
Annual: \$53,040
*Mid-range for comparable facilities in the Barstow area per the competitive set analysis on file with RESD

Annual Increases: 2%

Improvement Costs: None

Custodial: Provided by County

Maintenance: Exterior maintenance provided by Lessor; interior maintenance provided by County

Utilities: Water, sewer, and trash provided by Lessor; all other utilities provided by County

Insurance: The Certificate of Liability Insurance, as required by the Lease, is on file with RESD

Holdover: In the event the County shall holdover and continue to occupy the premises with the consent of the Landlord, expressed or implied, the tenancy shall be deemed to be a tenancy from month-to-month upon the same terms and conditions, including rent, as existed, and prevailed at the time of the expiration of the term of this Lease

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Right to Terminate: County has the right to terminate with 90-day notice

Parking: Sufficient for County needs

PROCUREMENT

On September 24, 2013 (Item No. 59), the Board-approved Lease was procured according to County Policy 12-02 - Leasing Privately Owned Real Property for County Use (Policy) using a Solicitation of Proposal process. Extending the term of the lease for five years would normally require a Formal Request for Proposal (Formal RFP) process. The Policy provides that the Board may approve the use of an alternative procedure to the use of a Formal RFP 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 competitive analysis of the area and found the negotiated rental rate for the extended term is competitive and the Sheriff will avoid considerable moving expenses if they stay in the current location. The Sheriff and RESD is requesting the Board approve an alternative procedure as allowed in the Policy, to extend the term of this lease for five years.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, and Grace B. Parsons, Deputies County Counsel, 387-5455) on January 8, 2024; Sheriff (Jose Torres, Administrative Manager, 387-3648) on January 11, 2024; Purchasing (Ariel Gill, Supervising Buyer, 386-8046) on January 9, 2024; Finance (Erika Rodarte, 387-4919, and Garrett Baker, 387-3077, Administrative Analysts) on January 17, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on January 17, 2024.

(BR: 531-2674)

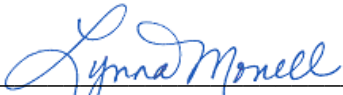
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Record of Action of the Board of Supervisors
San Bernardino County

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: February 6, 2024



cc: RESD - Thompson w/agrees
Contractor c/o RESD w/agree
File - w/agree
MA 02/13/2024