

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

October 21, 2025

**FROM**

**TERRY W. THOMPSON, Director, Real Estate Services Department  
GEORGINA YOSHIOKA, Director, Department of Behavioral Health**

**SUBJECT**

Amendment to Lease Agreement with 1250 Fairfax, LLC and 521 East 11th St, LLC, dba Three Carnegie Plaza for Office Space in San Bernardino

**RECOMMENDATION(S)**

1. Find that approval of Amendment No. 1 to Lease Agreement No. 24-658 with 1250 Fairfax, LLC and 521 East 11th St, LLC dba Three Carnegie Plaza for Office Space, is an exempt project under the California Environmental Quality Act Guidelines, Section 15301 - Existing Facilities (Class 1).
2. Approve **Amendment No. 1 to Lease Agreement No. 24-658** with 1250 Fairfax, LLC and 521 East 11th St, LLC dba Three Carnegie Plaza through the use of an alternative procedure as allowed per County Policy 12-02 – Leasing Privately Owned Real Property for County Use, to:
  - a. Extend the term of the lease for 10 years for the period of November 1, 2025, through October 31, 2035, following a permitted holdover period from August 1, 2025, through October 31, 2025.
  - b. Adjust the rental rate schedule.
  - c. Update the termination language, the maintenance provision, and standard lease agreement language.
  - d. Continue leasing approximately 19,284 square feet of office space located at 735 East Carnegie Drive, Suites 120, 240, and 270 in San Bernardino, for the Department of Behavioral Health.
  - e. Increase the total lease amount by \$5,919,065, from \$524,217 to a new total not to exceed \$6,443,282.
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 Amendment No. 1 (Amendment) to Lease Agreement No. 24-658 (Lease) will not result in the use of Discretionary General Funding (Net County Cost). The total cost of the Amendment is \$5,919,065 and is funded by 1991 Realignment, Federal Financial Participation Medi-Cal, and Mental Health Services Act funds. Behavioral Health (DBH) will also be

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responsible for reimbursing the Landlord for electric utility expenses that exceed the cap. Lease payments will be made from the Real Estate Services Department (RESD) Rents budget (7810001000) and reimbursed from the Department of Behavioral Health (DBH) budget (9200001000). Sufficient appropriation is included in the 2025-26 budget and will be included in future recommended budgets. Annual lease costs are as follows:

<b>Lease Year</b>	<b>Annual Lease Cost</b>
*August 1, 2025 – October 31, 2025	\$135,953
November 1, 2025 - October 31, 2026	\$504,468
November 1, 2026 - October 31, 2027	\$519,600
November 1, 2027 - October 31, 2028	\$535,188
November 1, 2028 - October 31, 2029	\$551,244
November 1, 2029 - October 31, 2030	\$567,780
November 1, 2030 - October 31, 2031	\$584,808
November 1, 2031 - October 31, 2032	\$602,352
November 1, 2032 - October 31, 2033	\$620,424
November 1, 2033 - October 31, 2034	\$639,036
November 1, 2034 - October 31, 2035	\$658,212
<b>Total Lease Cost:</b>	<b>\$5,919,065</b>

\*Permitted holdover period

**BACKGROUND INFORMATION**

On July 23, 2024 (Item No. 55), the Board of Supervisors (Board) approved a short-term, nine-month Lease, with one five-year option to extend for 19,284 square feet of office space for DBH located at 735 East Carnegie Drive, Suites 120, 240, and 270 in San Bernardino (Premises). On April 17, 2024, a fire suppression pipeline burst at 303 East Vanderbilt in San Bernardino, causing water intrusion to the first floor of the DBH administration building, which required DBH to evacuate the property. Due to this, the Lease was approved to provide necessary office space while the water damage was repaired. The Lease commenced on November 1, 2024, with an expiration date of July 31, 2025.

DBH staff since have returned to 303 East Vanderbilt. However, DBH recognized the need for the additional space at the Premises to meet current and future staffing needs and requested that RESD negotiate the Amendment to extend the Lease. Agreement on this Amendment required more time than anticipated due to ongoing negotiations regarding rental rate, Lease duration, termination rights, and other Lease terms. On August 1, 2025, the Lease went into a permitted holdover where DBH has continued to occupy the Premises abiding by the terms of the Lease. The Landlord proposed extending the Lease for 10 years, instead of exercising the five-year option. DBH authorized RESD to proceed with the 10-year extension, which allowed a lower Lease rate and included a Landlord contribution towards tenant improvements to be utilized within the first five years of the term.

The Amendment will extend the Lease from November 1, 2025, through October 31, 2035, adjust the rental rate schedule, update the termination language, update the maintenance provision and include the Landlord’s contribution toward tenant improvements, and update standard Lease language. The termination language will be updated to allow the County the right to terminate with a 180-day notice beginning November 1, 2031, for Suite 120, and beginning January 1, 2034, for Suites 240 and 270. In the event the County terminates a suite

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early, the Lease shall be amended to update the Premises and monthly rent schedule. All other terms of the Lease remain unchanged.

The project to approve the Amendment was reviewed pursuant to the California Environmental Quality Act (CEQA) and determined to be categorically exempt under Section 15301- Class 1 Existing Facilities 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: 1250 Fairfax, LLC, and 521 East 11th St, LLC, dba Three Carnegie Plaza

Location: 735 East Carnegie Drive, Suites 120, 240, and 270, San Bernardino, California, 92408

Size: 19,284 square feet of office space

Term: November 1, 2025, through October 31, 2035

Options: One five-year option remains

Rent: Cost per square foot per month: \$2.18\*  
Monthly: \$42,039  
Annual: \$504,468  
\*Mid-range for comparable facilities in the San Bernardino area per the competitive set analysis on file with RESD

Annual Increases: Approximately 3%

Improvement Costs: Landlord shall provide County with a tenant improvement allowance equal to \$175,029, which can be utilized within the first five years of the extended term; should the County not utilize the tenant improvement allowance, Landlord shall permit County to convert up to 50% of the tenant allowance towards free rent

Custodial: Provided by Lessor

Maintenance: Provided by Lessor

Utilities: Provided by Lessor, except for reimbursement of excess electric utility expense cap for the first Lease year (starting as of the commencement date) shall be calculated at \$0.29 per square foot, per month, per Lease year (adjusted annually by 3%); heating, ventilation, and air conditioning (HVAC) services provided during building hours of operation on Monday through Friday, 7:00 am to 6:00 pm and Saturday 9:00 am to 12:00 pm excluding County holidays; after-hours HVAC charges, without mark-up shall be \$65 per hours of use

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

Holdover: Month-to-month term upon the same terms and conditions, including the rent which existed at the time of expiration

Right to Terminate: County has the right to terminate with 180-day notice beginning November 1, 2031, for Suite 120, and beginning January 1, 2034, for Suites 240 and 270; in the event the County terminates a suite early, the Lease shall be amended to update the Premises and monthly rent schedule to reflect the update

Parking: Sufficient for County needs

**PROCUREMENT**

RESD completed a market analysis of comparable properties and found the current rental rate, including annual increases during the 10-year extended term, to be competitive. Policy 12-02 provides that the Board may approve the use of an alternative procedure to the use of a Formal RFP process 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 interest of the County. The site best meets the long-term requirements of DBH would minimize disruption to DBH operations and minimize expenses.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (John Tubbs II, and Dawn Martin, Deputies County Counsel, 387-5455) on September 23, 2025; Behavioral Health (Lydia Bell, Administrative Manager, 386-9732) on September 23, 2025; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on September 19, 2025; and County Finance and Administration (Paul Garcia, 386-8393, and Eduardo Mora, 387-4376, Administrative Analysts) on October 6, 2025.

(YG: 655-0268)

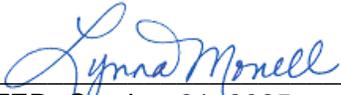
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Record of Action of the Board of Supervisors  
San Bernardino County

**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: October 21, 2025



cc: RESD - Thompson w/agree  
Contractor - c/o RESD w/agree  
File - w/agree  
CCM 10/22/2025