

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

June 11, 2024

**FROM**

**TERRY W. THOMPSON, Director, Real Estate Services Department**

**SUBJECT**

Budget Adjustments for Services & Supplies Appropriation

**RECOMMENDATION**

Authorize the Auditor-Controller/Treasurer/Tax Collector to post 2023-24 appropriation budget adjustments in the amount of \$656,769, as detailed in the Financial Impact section, to fund Lease Agreement No. 22-584, arrears true-up for 2022-23 actual operating expenses, and 2023-24 increased estimated operating expenses (Four votes required).  
(Presenter: Terry W. Thompson, Director, 387-5000)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Promote the Countywide Vision.**

**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). A budget adjustment of \$656,769 is requested to increase the Real Estate Services Department (RESD) services and supplies appropriation. Lease and operating expense payments have been made from RESD's Rents budget (7810001000) and reimbursed from the San Bernardino County's (County) allocation of American Rescue Plan Act (ARPA).

RESD requests the Auditor-Controller/Treasurer/Tax Collector to post the following adjustments to the 2023-24 budget.

<b>Fund Center</b>	<b>Commitment Item/GL Account</b>	<b>Description</b>	<b>Action</b>	<b>Amount</b>
7810001000	52002905	Rents & Leases – Structure Improvements & Grounds	Increase	\$656,769
7810001000	55415013	Services & Supplies Transfer In	Increase	\$656,769

**BACKGROUND INFORMATION**

On June 28, 2022 (Item No. 81), the Board of Supervisors (Board) approved Lease Agreement No. 22-584 (Lease) between PSIP EBS Francis LLC, a Delaware limited liability company (PSIP) and the County for a term of five years and two months, for approximately 6.075 acres of land and a building thereon of approximately 120,651 square feet of office and warehouse space, located at 1925 South Grove Avenue in Ontario for the Office of Emergency Services (OES), in the amount of \$12,824,768 for base rent and an estimated amount of \$2,019,698 for operating expenses, for a total minimum amount of \$14,844,466. Operating expenses will be

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reconciled annually against actual costs and be either payable by or credited to the County. The original term of the Lease was for the period of July 1, 2022 through August 31, 2027, subject to landlord's completion of certain tenant improvements. The improvements were completed by the landlord on September 1, 2022, making the commencement date September 1, 2022, and the expiration date October 31, 2027. OES leased this office warehouse space for additional storage and to prepare emergency response services for the community. The warehouse space stores emergency response and support equipment that is activated during times of emergencies.

On May 9, 2023 (Item No. 47), the Board approved Amendment No. 1 to the Lease to reflect a change in property ownership and landlord's assignment of the Lease from PSIP to GWL Direct 1925 Grove LLC, a Delaware limited liability company (GWL), for approximately 6.075 acres of land and a building thereon of approximately 120,651 square feet of office and warehouse space, located at 1925 South Grove Avenue in Ontario, and confirm the commencement and expiration dates of the initial term of the Lease based on the landlord's completion of certain tenant improvements.

The requested budget adjustment of \$656,769 is needed due to an increase in monthly operating expenses, which include insurance, management fees, utilities, repairs and maintenance, landscape, parking, security, administration, wages, and real estate taxes, from \$32,576 per month to the new rate of \$70,703 per month effective January 2024 through June 2024, for the Lease, a difference of \$228,762. In addition to the increase of monthly operating expenses, the actual operating expenses for 2022-23 are significantly higher than the estimated operating expenses paid. Estimated operating expenses for 2022-23 were \$521,213 and actual operating expenses were \$949,220. In March 2024, the County paid the difference between the total actual operating expenses and the estimated operating expenses paid throughout the year, for a net additional cost of \$428,007 to make up the difference in the landlord's actual costs in accordance with the Operating Expenses Procedures expressed in the Lease.

**PROCUREMENT**

N/A

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (John Tubbs II, Deputy County Counsel, 387-5455) on May 13, 2024; Auditor-Controller/Treasurer/Tax Collector (Charlene Huang, Auditor-Controller Manager, 382-7022) on May 3, 2024; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on May 9, 2024; Finance (Garrett Baker, Administrative Analyst, 387-3077) on May 23, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on May 23, 2024.

(CR: 387-5108)

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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: June 11, 2024



cc: File - Real Estate Services  
CCM 06/26/2024