

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

December 19, 2023

FROM

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

SUBJECT

Lease Agreement with Phoenix Houses of California for Office Space and a Recovery Services Treatment Center in Victorville

RECOMMENDATION(S)

1. Find that approval of a Lease Agreement with Phoenix Houses of California for office space and a recovery services treatment center is an exempt project under the California Environmental Quality Act Guidelines Section 15301 - Existing Facilities (Class 1).
2. Approve a five-year Lease **Agreement No. 23-1365** with Phoenix Houses of California projected to commence on January 1, 2024, with State's approval of Lessee's license, and upon the close of escrow of the County Purchase and Sale Agreement No. 23-24 and ending December 31, 2028, with two five-year options to renew for approximately 29.47 acres, totaling approximately 17,770 square feet of building area for office space and a recovery services treatment center, within the San Bernardino County-owned facility located at 13333 Palmdale Road in Victorville.
3. Authorize the Director of the Real Estate Services Department to execute the Commencement Date Certificate for the Lease Agreement upon the close of escrow of the property pursuant to County Purchase and Sale Agreement No. 23-34.
4. Direct the Clerk of the Board of Supervisors to file and post the Notice of Exemption for the project as required under 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 Discretionary General Funding (Net County Cost). The total revenue anticipated to be received by the Department of Behavioral Health (DBH) for this five-year Revenue Lease is \$2,858,192. Other costs associated with this lease include custodial, utility, and maintenance expenses estimated at \$228,245 annually, which will be paid by DBH through 2011 Realignment, Federal Financial Participation Drug Medi-Cal, Substance Abuse Prevention and Treatment Block Grant, Public Safety Realignment Assembly Bill 109 and a MOU with Children and Family Services. Adequate appropriation and revenue are included in DBH's 2023-24 budget and will be included in future recommended budgets. Annual lease revenue is as follows:

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<u>Year</u>	<u>Annual Lease Revenue</u>
January 1, 2024 - December 31, 2024	\$543,762
January 1, 2025 - December 31, 2025	\$557,356
January 1, 2026 - December 31, 2026	\$571,290
January 1, 2027 - December 31, 2027	\$585,572
January 1, 2028 - December 31, 2028	<u>\$600,212</u>
Total Revenue	\$2,858,192

BACKGROUND INFORMATION

On January 24, 2023 (Item No. 46), the Board of Supervisors (Board) approved Purchase and Sale Agreement No. 23-24 (PSA) with St. John of God (SJOG). The purchase of approximately 29.47 acres included nine single-story buildings, totaling approximately 17,770 square feet of building area, located at 13333 Palmdale Road in Victorville (Property). The purchase of the Property by San Bernardino County (County) from SJOG is in escrow that is anticipated to close by the end of 2023.

The Lease is scheduled to commence upon the close of escrow of the PSA and will allow Phoenix Houses of California to provide withdrawal management and substance abuse disorder residential treatment to County residents in need of these levels of care. DBH provides substance use disorder and recovery services and mental health services to County residents who are uninsured or recipients of Medi-Cal. The continuation of these services is vital to the community and will provide for the safety, health, and social service needs of County residents.

DBH requested that Real Estate Services Department (RES D) prepare a lease agreement with Phoenix Houses of California, projected to commence upon the close of escrow. The Director of RES D will have the authority to execute the Commencement Date Certificate the later of: (i) January 1, 2024, (ii) upon the close of escrow of the PSA, (iii) State’s approval of Lessee’s license.

The project to approve the Lease was reviewed pursuant to the California Environmental Quality Act and determined to be categorically exempt under Guidelines Section 15301 - Existing Facilities (Class 1) because the future operation and use occurs within city limits substantially surrounded by urban areas.

Summary of Lease Terms

Lessee:	Phoenix Houses of California Dr. Alice Gleghorn, President, and CEO
Location:	13333 Palmdale Road, Victorville, CA 92392
Size:	Approximately 29.47 acres, totaling approximately 17,770 square feet of building area
Term:	Five years, commencing the later of: (i) January 1, 2024, (ii) upon the close of escrow of PSA, (iii) States approval of Tenant’s license.
Options:	Two five (5) year options
Rent:	Cost per square foot per month: \$2.55*

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Monthly: \$45,313.50
Annual: \$543,762.00
*Mid-range for comparable facilities in the Victorville area per
the competitive set analysis on file with RESD

Annual Increases: 2.5%

Improvement Costs: N/A

Custodial: Provided by County

Maintenance: Provided by County

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 Lessee shall holdover and continue to occupy
the premises with the consent of the County, 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

Right to Terminate: Either party has the right to terminate with delivery of thirty (30)
days prior written notice

Parking: Sufficient for Lessee needs

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II and Dawn Martin, Deputies
County Counsel, 387-5455) on November 13, 2023; Behavioral Health (Lydia Bell,
Administrative Manager, 386-9732) on November 17, 2023; Purchasing (Ariel Gill, Supervising
Buyer, 387-2070) on November 17, 2023; Finance (Chris Lange, Administrative Analyst, 386-
8393, and Garrett Baker, Administrative Analyst, 387-3077) on November 29, 2023; and County
Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on November
30, 2023.

(KLB: 453-9865)

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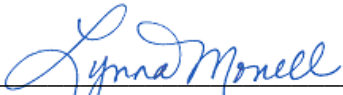
Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Col. Paul Cook (Ret.)

Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: December 19, 2023



cc: RESD - Thompson w/agree
Contractor - c/o RESD w/agree
File - w/agree

CCM 12/22/2023