

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

August 19, 2025

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

JAMES LOCURTO, Director, Transitional Assistance Department

SUBJECT

Amendment to Lease Agreement with Holt Blvd, LLC for Office Space in Ontario

RECOMMENDATION(S)

1. Find that approval of Amendment No. 9 to Lease Agreement No. 98-08 with Holt Blvd, LLC for office space, is exempt under the California Environmental Quality Act Guidelines, Section 15301 - Existing Facilities (Class 1).
 2. Approve **Amendment No. 9 to Lease Agreement No. 98-08** with Holt Blvd, LLC, through the use of an alternative procedure, as allowed per County Policy 12-02 – Leasing Privately Owned Real Property for County Use, to extend the term of the lease five years, for the period of September 1, 2025 through August 31, 2030, by exercising an existing option, following a permitted 15-month holdover beginning June 1, 2024 through August 31, 2025, include landlord improvements, add a five-year option to extend, and update standard lease agreement language, for approximately 26,284 square feet of office space located at 1637 East Holt Boulevard in Ontario, for the Transitional Assistance Department, increasing the total lease amount by \$5,209,323, for a new total amount of \$36,022,462, which includes a 15-month permitted holdover in the amount of \$1,017,195, and landlord improvements in the amount of \$89,460.
 3. Authorize the Purchasing Department to issue purchase orders, as necessary, in a total amount not to exceed \$100,000 for contingencies and/or minor change orders related to the turnkey tenant improvements in Amendment No. 9 (Four votes required).
 4. 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. 9 (Amendment) to Lease Agreement No. 98-08 (Lease) will not result in the use of Discretionary General Funding (Net County Cost). The total cost of the Amendment is \$5,209,323, which includes \$1,017,195 for the 15-month holdover period. Lease payments will be made from the Real Estate Services Department (RES) Rents budget (7810001000) and reimbursed by the Transitional Assistance Department (TAD) budget (3000420). The Human Services (HS) Administrative Claim budget is 96% federally and state

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funded and 4% with local funding. Sufficient appropriation is included in the 2025-26 RESD and HS Administrative Claim budgets and will be included in future recommended budgets.

Year	Base Rent	Amortized Tenant Improvements	Annual Lease Cost
*June 1, 2024 – August 31, 2025			\$1,017,195
September 1, 2025 – August 31, 2026	\$772,752	\$17,892	\$790,644
September 1, 2026 – August 31, 2027	\$795,936	\$17,892	\$813,828
September 1, 2027 – August 31, 2028	\$819,816	\$17,892	\$837,708
September 1, 2028 – August 31, 2029	\$844,416	\$17,892	\$862,308
September 1, 2029 – August 31, 2030	\$869,748	\$17,892	\$887,640
Total Cost			\$5,209,323

*Holdover Period

BACKGROUND INFORMATION

This Amendment extends the Lease for an additional five years, from September 1, 2025, through August 31, 2030, following a permitted 15-month holdover from June 1, 2024, to August 31, 2025. The total rent payable during the holdover period shall not exceed \$1,017,195. The Lease extension is executed under the County's existing extension option and maintains the same terms and conditions, except for the monthly rent, which will be adjusted to market rates.

TAD is dedicated to enhancing the quality of life for individuals and families by providing essential economic support services. TAD administers a variety of programs aimed at promoting self-sufficiency and addressing immediate needs. TAD's mission is to improve community well-being by delivering services accurately and efficiently, emphasizing integrity, respect, and customer service. TAD focuses on collaborative efforts to assist clients in achieving self-sufficiency.

On January 6, 1998 (Item No. 10), the Board of Supervisors (Board) approved a 10-year Lease, with three five-year options to extend the term, for a total of 25,000 square feet of office space located at 1627 East Holt Boulevard in Ontario (Premises).

The original term of the Lease was for the period of February 1, 1999, through January 31, 2009. In the nearly 27 years since the Lease was originally approved, the Board has approved eight amendments to correct the size of the Premises to 26,284 square feet, correct the address to 1637 East Holt Boulevard, change the original commencement and termination dates, extend the term of the Lease through May 31, 2024, adjust the rental rate schedule, provide for tenant improvements, reflect changes in property ownership, and update standard lease agreement language.

Amendment No.	Approval Date	Item No.
1	October 27, 1998	7
2	August 17, 1999	69
3	December 10, 2002	34
4	August 24, 2004	55
5	June 5, 2007	64
6	August 4, 2009	32

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Amendment No.	Approval Date	Item No.
7	September 24, 2013	60
8	December 14, 2021	56

TAD requested that RESD process the Amendment to exercise the remaining five-year extension option and update the standard lease agreement language. However, the Lease expired on May 31, 2024, and entered into a permitted holdover status due to protracted negotiations concerning potential tenant improvements. Both parties agreed that Holt Blvd, LLC (Landlord) would provide the tenant improvements inclusive of the rent, with improvements including new carpet, new paint, bottle filling stations, key access control, and conduit runs for County managed exterior mounted cameras.

RESD requests the Board authorize the Purchasing Agent to issue purchase orders up to \$100,000 for contingencies and minor changes needed to complete the turnkey improvements. Public Contract Code 20137 requires four votes by the Board to authorize changes or alterations to a contract where the cost of such change does not exceed 10% of the original contract price but does exceed the amount specified in Public Contract Code sections 20121 (\$4,000) and 21031 (\$25,000). All change orders and/or contingencies will be approved by RESD prior to authorizing any work or payment(s) to Holt Blvd, LLC.

A competitive market analysis conducted by RESD confirmed that the rental rate for the extended term is competitive. This facility remains the best fit for TAD's operational needs, minimizes program disruptions, eliminates relocation costs, and allows TAD to continue effectively serving residents in the community.

Policy 12-02 provides that the Board may approve the use of an alternative procedure to the use of a Formal Request for Proposal (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 project to approve the Amendment 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:	Holt Blvd, LLC
Location:	1637 East Holt Boulevard, Ontario
Size:	26,284 square feet of office space
Term:	Five years, commencing September 1, 2025
Options:	One five-year extension option remains
Rent:	Cost per square foot per month: \$2.51* Monthly: \$65,887

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Annual: \$790,644

*Mid-range for comparable facilities in the Ontario area per the competitive set analysis on file with RESD; including \$0.06 in tenant improvement costs

Annual Increases:	3%
Improvement Costs:	Included in rent (turnkey by landlord)
Custodial:	Provided by County
Maintenance:	Provided by Lessor (excluding certain appliances)
Utilities:	Provided by Lessor, except electric costs exceeding utility cap paid by County
Insurance:	The Certificate of Liability Insurance, as required by the Lease, is on file with RESD
Holdover:	Month-to-month, if permitted by Lessor
Right to Terminate:	County may terminate with 180-days' written notice
Parking:	Sufficient for County needs

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II and Jacqueline Carey-Wilson, Deputies County Counsel, 387-5455) on July 24, 2025; Transitional Assistance (James Locurto, Director, 388-0245) on July 15, 2025; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on July 18, 2025; and County Finance and Administration (John Hallen, 388-0208, and Eduardo Mora, 387-4376, Administrative Analysts) on July 31, 2025.

(BR: 531-2674)

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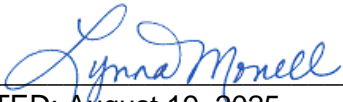
Record of Action of the Board of Supervisors
San Bernardino County

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: August 19, 2025



cc: RESD - Thompson w/agree
Contractor - c/o RESD w/agree
File - w/agree
MBA 08/22/2025