

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

August 22, 2023

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
MELANIE OROSCO, County Librarian, County Library**

SUBJECT

Amendment to Lease Agreement with Wohl/Westport, LLC for Warehouse Space in Loma Linda

RECOMMENDATION(S)

1. Find that approval of Amendment No. 2 to Lease Agreement No. 16-509 with Wohl/Westport, LLC, for warehouse space is an exempt project under the California Environmental Quality Act Guidelines Section 15301 – Existing Facilities (Class 1).
2. Approve **Amendment No. 2 to Lease Agreement No. 16-509** with Wohl/Westport, LLC, to extend the term for five years for the period of September 1, 2023 through August 31, 2028, following a permitted two-month holdover for the period of July 1, 2023 through August 31, 2023, add two five-year options to extend the term, and update standard agreement language for the County Library’s use of 9,670 square feet of warehouse space located at 10460 Enterprise Drive in Loma Linda, in the amount of \$900,180, which includes the two-month holdover cost.
3. 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

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). The total cost of this five-year amendment is \$900,180, which includes the two-month holdover cost. Lease payments will be made from the Real Estate Services Department (RESD) Rents budget (7810001000) and reimbursed from the County Library (Library) budget (6400002600). Other costs associated with this lease include electricity, gas and sewer expenses, which will be paid from the Library budget. Sufficient appropriation is included in the Library and Rents 2023-24 budget and will be included in future recommended budgets. Annual lease costs are as follows:

<u>Year</u>	<u>Lease Cost</u>	<u>Estimate of Annual Costs Associated with this Lease</u>
July 1, 2023 – August 31, 2023*	\$15,665	\$3,018
September 1, 2023 – August 31, 2024	\$133,736	\$18,108
September 1, 2024 – August 31, 2025	\$179,862	\$18,471

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<u>Year</u>	<u>Lease Cost</u>	<u>Estimate of Annual Costs Associated with this Lease</u>
September 1, 2025 – August 31, 2026	\$184,504	\$18,840
September 1, 2026 – August 31, 2027	\$190,306	\$19,217
September 1, 2027 – August 31, 2028	<u>\$196,107</u>	<u>\$19,601</u>
Total Cost	\$900,180	\$97,255

*Holdover rent during the two-month holdover period.

BACKGROUND INFORMATION

Lease Agreement No. 16-509 (Lease) with Wohl/Westport, LLC will be extended for the period of September 1, 2023 through August 31, 2028, following a permitted two-month holdover for the period of July 1, 2023 through August 31, 2023. Amendment No. 2 to the Lease will adjust the rental rate schedule, add two five-year options to extend the term of the Lease and update standard Lease language for approximately 9,670 square feet of warehouse space for the Library located at 10460 Enterprise Drive in Loma Linda (Premises). This storage space is used to store Library programming equipment and supplies. The Library also uses the space as a logistical center for staff assigned as delivery drivers to sort and pick-up materials coming from and going to Library branches.

On June 28, 2016 (Item No. 63), the Board of Supervisors (Board) approved the seven-year Lease with one three-year option to extend the term of the Lease for the Premises. The original term of the Lease was from July 1, 2016 through June 30, 2023. In the seven years since the Lease was originally approved, the Board has approved an amendment to reflect a change in property ownership from DRC Industrial CBC I, LP to Wohl/Westport, LLC and update standard Lease language.

With a continuing need for warehouse space, Library requested that RESD prepare an amendment to extend the term of the Lease for five years for the period of September 1, 2023 through August 31, 2028, add two five-year options to extend the term of the Lease, and update standard agreement language. Longer than anticipated negotiations with Wohl/Westport, LLC, created a delay and on June 30, 2023, the Lease went into permitted holdover period. The County has continued to occupy the leased premises and abide by the terms of the Lease. All other terms and conditions of the Lease remain unchanged.

The project to approve Amendment No. 2 to the Lease was reviewed pursuant to the California Environmental Quality Act (CEQA) and determined to be categorically exempt under 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: Wohl/Westport, LLC
(Peter Desforges, Manager)

Location: 10460 Enterprise Drive, Loma Linda

Size: 9,670 square feet of warehouse space

Term: Five years, September 1, 2023 through August 31, 2028

Options: Two five-year options to extend

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Rent:	Cost per square foot per month: \$1.15* Monthly: \$11,145 Annual: \$133,736 *Low-range for comparable facilities in the Loma Linda area per the competitive set analysis on file with RESD
Annual Increases:	34% in year one to reach negotiated base market rent and 3% in years two through five
Improvement Costs:	None
Custodial:	Provided by County
Maintenance:	Provided by Lessor
Utilities:	Provided by County
Insurance:	The Certificate of Liability Insurance, as required by the lease, is on file with RESD
Holdover:	Month-to-month basis upon the same provisions of the Lease
Right to Terminate:	County has the right to terminate with a 90-day notice
Parking:	Sufficient for County needs

PROCUREMENT

On June 28, 2016 (Item No. 63), the Board approved the Lease, which was procured in accordance with County Policy 12-02 – Leasing Privately Owned Real Property for County Use, using a Solicitation of Proposals process for new leases of privately owned real property that are either equal or less than 15,000 square feet or have a term, including options, equal to or less than 10 years.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, Deputy County Counsel, and Katherine Hardy, Deputy County Counsel, 387-5455) on July 13, 2023; Library (Melanie Orosco, County Librarian, 387-2257) on July 20, 2023; Purchasing (Peter Geriguis, Lead Buyer, 387-2573) on July 13, 2023; Finance (Elias Duenas, Administrative Analyst, 387-4052, and Garrett Baker, Administrative Analyst, 387-4376) on July 28, 2023; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on July 31, 2023.

(YG: 665-0268)

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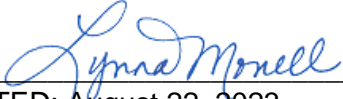
Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY



DATED: August 22, 2023



cc: RESD - Thompson w/agree w/CEQA & receipt
Contractor - c/o RESD w/agree
File - w/agree w/CEQA & receipt
CCM 08/31/2023