

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

September 23, 2025

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
SHARON NEVINS, Director, Department of Aging and Adult Services**

SUBJECT

Amendment to Lease Agreement with Mowbray Waterman Property, LLC for Office Space in San Bernardino

RECOMMENDATION(S)

1. Find that approval of Amendment No. 2 to Lease Agreement No. 19-273 with Mowbray Waterman Property, LLC for office space, is an exempt project under the California Environmental Quality Act Guidelines, Section 15301 – Existing Facilities (Class I).
2. Approve **Amendment No. 2 to Lease Agreement No. 19-273** with Mowbray Waterman Property, LLC, through the use of an alternative procedure as allowed per County Policy 12-02 – Leasing Privately Owned Real Property for County Use, to:
 - a. Reflect a change in ownership from The Original Mowbray's Tree Service, Inc. to Mowbray Waterman Property, LLC.
 - b. Extend the term of the lease for five years, for the period of October 1, 2025, through September 30, 2030, following a permitted holdover period from June 1, 2022, through September 30, 2025.
 - c. Adjust the rental rate schedule.
 - d. Update termination rights and standard lease language.
 - e. Continue leasing approximately 19,844 square feet of office space at 686 East Mill Street in San Bernardino, for the Department of Aging and Adult Services – Public Guardian.
 - f. Increase the total lease amount by \$3,642,696, inclusive of \$1,404,960 for the holdover period, from \$1,324,140 to a new total amount of \$4,966,836.
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.

FINANCIAL IMPACT

Approval of Amendment No. 2 (Amendment) to Lease Agreement No. 19-273 (Lease) will not result in the use of additional Discretionary General Funding (Net County Cost), as the Department of Aging and Adult Services – Public Guardian's (Public Guardian) budget is 76% funded by reimbursements, 16% funded by Net County Cost, and 8% funded by charges for services. The total cost of the Amendment is \$3,642,696 and includes \$1,404,960 for the holdover period. Lease payments will be made from the Real Estate Services Department

**Amendment to Lease Agreement with Mowbray Waterman Property,
 LLC for Office Space in San Bernardino
 September 23, 2025**

(RESD) Rents budget (7810001000) and reimbursed from Public Guardian’s budget (5360001000). Sufficient appropriation is included in the 2025-26 budget and will be included in future recommended budgets. Annual lease costs are as follows:

Lease Year	Annual Lease Cost
*June 1, 2022 – September 30, 2025	\$1,404,960
October 1, 2025 – September 30, 2026	\$421,488
October 1, 2026 – September 30, 2027	\$434,136
October 1, 2027 – September 30, 2028	\$447,156
October 1, 2028 – September 30, 2029	\$460,572
October 1, 2029 – September 30, 2030	\$474,384
Total Lease Cost:	\$3,642,696

*Permitted holdover period

BACKGROUND INFORMATION

On April 30, 2019 (Item No. 60), the Board of Supervisors (Board) approved the three-year Lease, with Laura M. Cook, Trustee of the Laura M. Cook Trust dated August 9, 1996, David W. Schmid, Trustee of the David W. Schmid Trust dated November 27, 2001, David W. Schmid, Trustee of the Daniel Walter Schmid Trust dated March 10, 1997; David W. Schmid, Trustee of the William Robert Schmid Trust dated December 30, 1998; and David W. Schmid, Trustee of the Andrew David Schmid Trust dated February 6, 2001, as Tenants in Common for approximately 19,844 square feet of office space, located at 686 East Mill Street in San Bernardino (Premises). The original term was for the period of June 1, 2019, through May 31, 2022.

On October 27, 2020, pursuant to the authority granted in the Board approved Lease, the Director of RESD executed Amendment No. 1 to the Lease, updating the landlord’s notice address and reflecting a change of ownership to The Original Mowbray’s Tree Service, Inc.

Public Guardian requested that RESD negotiate an amendment to extend the existing term, which expired on May 31, 2022. Approval of this Amendment was delayed due to continued negotiations concerning the rental rate and termination rights. On June 1, 2022, the Lease went into a permitted holdover; Public Guardian has continued to occupy the Premises and abide by the terms of the Lease.

The Amendment will reflect another change in ownership from The Original Mowbray’s Tree Service, Inc., to Mowbray Waterman Property, LLC, extend the term for the period of October 1, 2025, through September 30, 2030, adjust the rental rate schedule, update the termination language to allow Public Guardian the right to terminate with a 90-day notice, and update standard lease agreement language. All other Lease terms 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.

RESD, acting in its approved capacity as the Chief Executive Officer designee to review proposed real property leases under Policy 12-02, completed a market analysis of comparable properties and found the current rental rate, including annual increases during the five-year

**Amendment to Lease Agreement with Mowbray Waterman Property,
LLC for Office Space in San Bernardino
September 23, 2025**

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 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.

Summary of Lease Terms

Lessor: Mowbray Waterman Property, LLC

Location: 686 East Mill Street, San Bernardino

Size: Approximately 19,844 square feet of office space

Term: October 1, 2025 – September 30, 2030

Options: None

Rent: Cost per square foot per month: \$1.77
Monthly: \$35,124
Annual: \$421,488
*Low-range for comparable facilities in the San Bernardino area per the competitive set analysis on file with RESD

Annual Increases: Approximately 3%

Improvement Costs: None

Custodial: Provided by Lessor

Maintenance: Provided by Lessor

Utilities: Provided by Lessor

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

Holdover: Upon the end of the term, if permitted by Lessor, the Lease shall continue on a month-to-month term upon the same terms and conditions which existed at the time of expiration

Right to Terminate: County has the right to terminate by providing a 90-day written notice

Parking: Sufficient for County's needs

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

**Amendment to Lease Agreement with Mowbray Waterman Property,
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September 23, 2025**

This item has been reviewed by County Counsel (John Tubbs II, and Jacqueline Carey-Wilson, Deputies County Counsel, 387-5455) on August 27, 2025; Aging and Adult Services/Public Guardian (Sharon Nevins, Director, 891-3917) on August 21, 2025; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on August 21, 2025; and County Finance and Administration (John Hallen, 388-0208, and Eduardo Mora, 387-4376, Administrative Analysts) on September 3, 2025.

(YG: 655-0268)

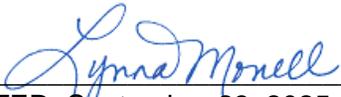
**Amendment to Lease Agreement with Mowbray Waterman Property,
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Record of Action of the Board of Supervisors
San Bernardino County

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: September 23, 2025



cc: RESD - Thompson w/agree
Contractor - c/o RESD w/agree
File - w/agree
MBA 09/25/2025