

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

October 22, 2024

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
JAMES LOCURTO, Director, Transitional Assistance Department**

SUBJECT

Amendment to Lease Agreement with Foothill Blvd Property LLC for Office Space in Rialto

RECOMMENDATION(S)

1. Find that approval of Amendment No. 4 to Lease Agreement No. 11-930 with Foothill Blvd Property LLC for office space, is an exempt project under the California Environmental Quality Act Guidelines Section 15301 – Existing Facilities (Class 1).
2. Approve **Amendment No. 4** to Lease **Agreement No. 11-930** with Foothill Blvd Property LLC to exercise the first five-year option to extend the term of the lease by five years for the period of November 1, 2024, through October 31, 2029, for a new cumulative period of January 15, 2013 through October 31, 2029, following a permitted one year and nine and a half months holdover for the period of January 15, 2023 through October 31, 2024, adjust the rental rate schedule, and update the standard lease agreement language for 36,179 square feet of office space for the Transitional Assistance Department, located at 1175 W. Foothill Blvd in Rialto, in the amount of \$7,957,341 including the permitted holdover amount of \$2,310,210.
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.

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 additional Discretionary General Funding (Net County Cost). The total cost of Amendment No. 4 (Amendment) to Lease Agreement No.11-930 (Lease), including the permitted holdover, is \$7,957,341. Lease payments will be made from the Real Estate Services Department (RESD) Rents budget (7810001000) and reimbursed from the Human Services (HS) budget (5014051000). Sufficient appropriation is included in the 2024-25 HS and RESD budgets and will be included in future recommended budgets. Annual lease costs are as follows:

<u>Year</u>	<u>Cost</u>
*January 15, 2023 - October 31, 2024	\$2,310,210
November 1, 2024 – October 31, 2025	\$1,063,663
November 1, 2025 – October 31, 2026	\$1,095,573

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November 1, 2026 – October 31, 2027	\$1,128,440
November 1, 2027 – October 31, 2028	\$1,162,293
<u>November 1, 2028 – October 31, 2029</u>	<u>\$1,197,162</u>
Total Cost	\$7,957,341
* Holdover Period	

BACKGROUND INFORMATION

The recommended action will amend an existing Lease for the Transitional Assistance Department (TAD) for the building located at 1175 W. Foothill Boulevard in Rialto.

On December 13, 2011 (Item No. 47), the Board of Supervisors (Board) approved the 10-year Lease with two five-year options to extend for a 35,000 square foot build-to-suit office facility located at 1175 W. Foothill Boulevard in Rialto. The original term of the Lease was from November 1, 2012, to October 31, 2022. Since the Lease was originally approved, the Board has approved the following three amendments, to reflect a change in ownership, add 1,179 square feet for a total of 36,179 square feet, increase the rent because of the added square footage, and change the initial term and commencement date to January 15, 2013, and the termination date to January 14, 2023.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	February 14, 2012	36
2	July 10, 2012	40
3	November 5, 2023	45

TAD requested RESD renew the Lease to allow staff to continue providing services to residents in the Rialto area. Due to protracted negotiations with the landlord regarding market rental rates, the Lease went into a permitted holdover on January 15, 2023, through October 31, 2024. RESD was able to negotiate a rental rate of \$2.45 per square foot per month (\$1,063,663 annually) for the first year of the extended term, with 3% annual rent escalations thereafter. The Amendment also reflects a one year and nine and one half-month permitted holdover, adjusts the rent rate schedule, and updates standard lease agreement language. All other terms of the Lease 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 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

Lessors:	Foothill Blvd Property LLC Marc Washington, Senior Vice President
Location:	1175 W. Foothill Boulevard, Rialto
Size:	36,179 square feet of office space
Term:	Five years; commencing November 1, 2024
Options:	One five-year option remains

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Rent: Cost per square foot per month: \$2.45*
Monthly: \$88,639
Annual: \$1,063,663
* Mid-range for new, build-to-suit facilities in the Rialto area

Annual Increases: 3%

Improvement Costs: None

Custodial: Provided by Lessor

Maintenance: Provided by Lessor

Utilities: Provided by Lessor, subject to an electrical cap of \$0.22
per square foot with 3% annual increases

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: The County has the right to terminate with 90-days' notice

Parking: 330 parking spaces; sufficient for County needs

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, and Adam Ebright, Deputies County Counsel, 387-5455) on September 17, 2024; Human Services (James Locurto, Director, 388-0245, and Christopher Lange, Deputy Director, 386-8393) on September 17, 2024; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on September 20, 2024; Finance (John Hallen, 388-0208, and Garrett Baker, 387-3077, Administrative Analysts) on September 30, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on October 1, 2024.

(AR: 501-7579)

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: October 22, 2024



cc: Real Estate - Thompson w/agree
Contractor - c/o Real Estate w/agree
File - w/agree
MBA 10/24/2024