

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

May 6, 2025

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

ARLENE MOLINA, Director, Preschool Services Department

SUBJECT

Acquisition of Improved Real Property in Rancho Cucamonga for the Preschool Services Department

RECOMMENDATION(S)

1. Find that the acquisition of approximately 2.60 acres of real property, improved with an office building, totaling approximately 39,600 square feet, located at 8163 Rochester Avenue in Rancho Cucamonga (Assessor's Parcel Number 0229-023-06-0000), is an exempt project under the California Environmental Quality Act Guidelines Section - 15301 Existing Facilities (Class I) and Section 15332 – Infill Development Projects (Class 32).
 2. Approve Capital Improvement Program Project No. 25-071 to acquire approximately 2.60 acres of real property improved with an office building, totaling approximately 39,600 square feet, located at 8163 Rochester Avenue in Rancho Cucamonga (Assessor's Parcel Number 0229-023-06-0000), for the purchase price of \$12,000,000, with estimated transaction fees and administrative costs of \$156,100, for a total project cost of \$12,156,100.
 3. Authorize the acquisition of approximately 2.60 acres of real property improved with an office building, totaling approximately 39,600 square feet, located at 8163 Rochester Avenue in Rancho Cucamonga (Assessor's Parcel Number 0229-023-06-0000), for the purchase price of \$12,000,000, independent consideration payment of \$100, escrow expenses and title fees estimated to be \$6,000, due diligence inspection costs estimated to be \$100,000 and administrative costs estimated to be \$50,000 for a total estimated one-time cost of \$12,156,100.
 4. Approve Purchase and Sale **Agreement No. 25-274** and Joint Escrow Instructions with CFRE Holdings I, LLC, a Delaware Limited Liability Company, to set forth the terms for an acquisition of the improved property in Recommendation No. 2.
 5. Authorize the Auditor-Controller/Treasurer/Tax Collector to post budget adjustments, as detailed in the Financial Impact section (Four votes required).
 6. Authorize the Director of the Real Estate Services Department to execute escrow instructions, and any other non-substantive documents necessary to complete this transaction, subject to County Counsel review.
 7. 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

Improve County Government Operations.

Operate in a Fiscally-Responsible and Business-Like Manner.

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Ensure the Development of a Well-Planned, Balanced, and Sustainable County.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The total estimated cost of \$12,156,100 includes the \$12,000,000 acquisition of approximately 39,600 square feet of improved property located at 8163 Rochester Avenue in Rancho Cucamonga (Property) plus a \$100 independent consideration fee to the seller, securing the Preschool Services Department's (PSD) right to terminate the Purchase and Sale Agreement (PSA) during the due diligence period. Additional costs to be incurred by PSD for the acquisition include estimated escrow and title fees of \$6,000, due diligence inspection estimated costs of \$100,000 and administrative expenses of \$50,000. This acquisition will be funded by funding from the United States Department of Health and Human Services, Administration for Children and Families. PSD will present a companion item on today's agenda for approval to complete the necessary budget adjustments and ensure sufficient appropriation is included in PSD's fiscal year 2024-25 budget.

The following budget adjustments are necessary to establish the project's budget for the Property's acquisition costs. The Department requests the Auditor-Controller/Treasurer/Tax Collector to post the following adjustments to the 2024-25 budget:

Fund Center	Commitment/ GL Account	Description	Action	Amount	WBSE
7700003105	40909975	Operating Transfers In	Increase	\$12,156,100	94.10.0011
7700003105	54304030	Structures & Improvement to Structures	Increase	\$12,156,100	94.10.0011

BACKGROUND INFORMATION

The Property to be acquired is located in the City of Rancho Cucamonga and would serve as both an administration building and an early childhood development center. The search for a suitable building has been on-going for many years. After reviewing numerous properties, this Property fulfills PSD's criteria: extensive square footage for administrative space, accommodations for an early childhood development center, sufficient parking, and space for an exterior playground. The need to move is driven by the landlord of the current space, located at 662 Tippecanoe St. in San Bernardino, who is refusing to extend the lease beyond December 2027.

The entirety of the building at the Property is under lease to a third-party tenant for a term that is currently scheduled to expire on February 28, 2026. The purchase of the Property would be subject to the existing lease.

The PSA provides for a 60 business day due diligence to inspect the Property. After which time, PSD may opt to terminate the PSA without purchasing the Property or proceed to closing, which shall occur within 30 business days thereafter.

The recommended actions align with PSD and the Chief Executive Officer's goals and objectives to improve government operations in the County, operate in a fiscally responsible and

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business-like manner and ensure development of a well-planned, balanced, and sustainable County by authorizing PSD to acquire the Property.

At PSD's request, the Real Estate Services Department (RES D) had the Property appraised. Michael Ader, MAI, of Ader Appraisals, performed the appraisal of the Property and determined the fair market value to be \$12,000,000 which aligned with the market study done by RES D. This appraisal was reviewed and approved by RES D.

Approval of Recommendation No. 6 will authorize the Director of RES D to execute escrow documents and any other non-substantive documents necessary to complete this transaction, such as supplemental or amended escrow instructions, subject to County Counsel review. The Director of RES D will not be authorized to execute any documents that would bind the County to any actions not contemplated by, or arising from, the transaction which is the subject of these recommendations.

The acquisition of this Property was reviewed pursuant to the California Environmental Quality Act (CEQA) and determined to be categorically exempt from further environmental review under Class I, Section 15301 - Existing Facilities and Section 15332 – Infill Development Projects (Class 32) exemptions of the CEQA guidelines. The proposed action is to purchase the improved Property for use as an administrative office building and an early childhood development center. It can be seen with certainty that this action does not carry the potential for a significant effect on the environment.

PROCUREMENT

PSD may enter into the PSA for the purchase of this Property, pursuant to Government Code section 25350. PSD has complied with the publication requirements of Government Code section 6063, as well as provided the City of Rancho Cucamonga notice pursuant to Government Code section 65402.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng and Adam Ebright, Deputies County Counsel, 387-5455) on April 3, 2025; Risk Management (Whitney Fields, Director, 386-8623) on April , 2025; Auditor-Controller/Treasurer/Tax Collector (Charlene Huang, Auditor-Controller Manager, 382-7022) on March 24, 2025; Preschool Services Department (Arlene Molina, Director, 383-2078) on March 24, 2025; Purchasing (Dylan Newton, Buyer III, 387-3377) on March 24, 2025; Finance (Allegra Pajot, Administrative Analyst, 388-0218, and Yael Verduzco, Principal Administrative Analyst, 387-5285) on April 18, 2025; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on April 14, 2025.

(KD: 665-0430)

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: May 6, 2025



cc: File - Real Estate Services w/attachments
MBA 05/7/2025