

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

June 11, 2024

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

JAMES LOCURTO, Director, Transitional Assistance Department

ANDREW GOLDFRACH, ARMC Chief Executive Officer, Arrowhead Regional Medical Center

SUBJECT

Amendment to Lease Agreements with Moss Colton Properties, LLC for Office Space in Colton

RECOMMENDATION(S)

1. Find that approval of Lease Amendments with Moss Colton Properties, LLC for office space is an exempt project under the California Environmental Quality Act Guidelines Section 15301 (Class 1 Existing Facilities).
2. Approve **Amendment No. 4 to Lease Agreement No. 13-997** to update the insurance specifications to name Moss Colton Properties, LLC as additional insured and update standard lease agreement language for approximately 46,500 square feet of office space at 1900 West Valley Boulevard in Colton for the Transitional Assistance Department at no cost.
3. Approve **Amendment No. 2 to Lease Agreement No. 22-566** to update the insurance specifications to name Moss Colton Properties, LLC as additional insured and update standard lease agreement language for approximately 51,753 square feet of office space at 1930 West Valley Boulevard in Colton for Arrowhead Regional Medical Center at no cost.
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

Pursue County Goals and Objectives by Working with Other Agencies and Stakeholders.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). There is no cost to San Bernardino County (County) associated with the amendments to Lease Agreements No. 13-997 and No. 22-566 to update the insurance specifications to include Moss Colton Properties, LLC (Moss) as an additional insured and to update standard lease agreement language.

BACKGROUND INFORMATION

The recommended action will amend existing Lease Agreement No. 13-997 and No. 22-566 with Moss to update the insurance specifications and name Moss as additional insured and update standard lease agreement language because of the continuing need to provide office space for the Transitional Assistance Department (TAD) and Arrowhead Regional Medical Center (ARMC) in the Colton area.

**Amendment to Lease Agreements with Moss Colton Properties, LLC for Office Space in Colton
June 11, 2024**

On December 17, 2013 (Item No. 57), the Board of Supervisors (Board) approved 10-year Lease Agreement No. 13-997, with two five-year options to extend the term of the lease, for 46,500 square feet of office space for TAD at 1900 West Valley Boulevard in Colton. The original term was for the period of January 1, 2015 through December 31, 2024. In the four years since the lease was originally approved, the Board has approved two amendments to reflect a change of ownership from Bridge Financial Advisors, LLC to COLTAD, LLC, change the term for the period June 1, 2015 through May 31, 2025, change the date the County can terminate the lease, adjust the rent schedule, revise the construction dates, reflect a change of ownership from COLTAD, LLC to Moss Colton Properties, LLC and reduce the amount of parking spaces being used at the property.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	May 20, 2014	69
2	October 7, 2014	35
3	October 3, 2017	29

On June 28, 2022 (Item No. 57), the Board approved 10-year Lease Agreement No. 22-566, with two five-year options to extend the term, for 51,753 square feet of office space for ARMC at 1930 West Calley Boulevard in Colton. The original terms of the lease are for the period of October 1, 2023 through September 30, 3033. Since the lease was originally approved, the Board has approved one amendment, on September 26, 2023 (Item No. 56), reflecting the additional tenant improvements for the existing term of the lease for the period of October 1, 2023 through September 30, 2033.

The landlord representative requested the Real Estate Services Department (RESO) process amendments to Lease Agreements No. 13-997 and No. 22-566 to name Moss as additional insured. Amendment No. 4 to Lease Agreement No. 13-997 and Amendment No. 2 to Lease Agreement No. 22-566 updates the insurance specifications and standard lease agreement language. All other terms and conditions remain unchanged.

The project to approve the amendments to Lease Agreements No. 13-997 and No. 22-566 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 amendment is to secure property to operate within the existing structure with negligible or no expansion of existing use.

Summary of Lease Terms

Lessor:	Moss Colton Properties, LLC
Location:	TAD: 1900 West Valley Boulevard in Colton ARMC: 1930 West Valley Boulevard in Colton
Size:	TAD: Approximately 46,500 square feet ARMC: Approximately 51,753 square feet
Term:	TAD: June 1, 2015 through May 31, 2025 ARMC: October 1, 2023 through September 30, 2033
Options:	TAD: Two five-year options ARMC: Two five-year options

**Amendment to Lease Agreements with Moss Colton Properties, LLC for
Office Space in Colton
June 11, 2024**

Custodial: TAD: Provided by Lessor
ARMC: Provided by Lessor

Maintenance: TAD: Provided by Lessor
ARMC: Provided by Lessor; except County reimbursement of certain maintenance and repairs expenses at the premises incurred by the landlord resulting from the intentional misconduct of County or its invitees, not to exceed \$5,000 per event

Utilities: TAD: Provided by Lessor; County to pay electrical costs in excess of \$122,760 per year or \$0.22 per square foot per month (electrical utility expense cap) and to pay gas costs in excess of \$33,480 per lease year or \$0.06 per square foot per month (gas expense cap), both subject to 3% annual increase
ARMC: Provided by Lessor, County to pay electrical cost in excess of \$99,365 per lease year or \$0.16 per square foot per month (electrical utility expenses cap) subject to 3% annual increases

Insurance: The Certificate of Liability Insurance, as required by each lease, is on file with RESD

Holdover: TAD: 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 with 3% annual increases
ARMC: In the event that County continues to occupy the premises after the expiration or earlier termination of the Lease term, County tenancy shall be on a month-to-month term on the same terms and conditions as the Lease, excluding any monthly amortization of improvements

Right to Terminate: TAD: County has the right to terminate with 180-days' notice after December 31, 2024
ARMC: No right to terminate for convenience during the initial 10-year term; County can terminate with 90-days' notice during the extended terms, if any

Parking: Sufficient for County needs

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, Adam Ebright, and Charles Phan, Deputies County Counsel, 387-5455) on May 15, 2024; Risk Management (Gregory Ustaszewski, Staff Analyst II, 386-9008) on May 23, 2024; Transitional Assistance (James Locurto, Interim Director, 388-0245) on May 15, 2024; Arrowhead Regional Medical Center

**Amendment to Lease Agreements with Moss Colton Properties, LLC for
Office Space in Colton
June 11, 2024**

(Andrew Goldfrach, Chief Operating Officer, 580-3290) on May 9, 2024; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on May 9, 2024; Finance (Jenny Yang, 387-4884, John Hallen, 388-0208, and Garrett Baker, 387-3077, Administrative Analysts) on May 22, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on May 22, 2024.

(YG: 665-0268)
(DM: 677-8388)

**Amendment to Lease Agreements with Moss Colton Properties, LLC for
Office Space in Colton
June 11, 2024**

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: June 11, 2024



cc: RESD - Thomspn w/ agrees
Contractor c/o RESD w/ agrees
File w/ agree
JLL 06/26/2024