

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

September 26, 2023

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

JOSHUA DUGAS, Director, Department of Public Health

SUBJECT

Amendment to Expense Lease Agreement with Miros Enterprises, LLC for Office Space in Fontana

RECOMMENDATION(S)

1. Find that approval of Amendment No. 11 to Expense Lease Agreement No. 94-1156 with Miros Enterprises, 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. 11**, through the use of an alternative procedure as allowed per County Policy 12-02 - Leasing Privately Owned Real Property for San Bernardino County Use, to extend the term of Expense Lease **Agreement No. 94-1156** with Miros Enterprises, LLC, for two years for the period of October 1, 2023 through September 30, 2025, following a permitted 27 month holdover from July 1, 2021 through September 30, 2023, adjust the rent schedule, and update standard lease agreement language, for approximately 5,793 square feet of office space for the Department of Public Health, Women, Infants and Children Program located at 9161 Sierra Avenue, Suites 101–105, in Fontana, in the amount of \$817,850.
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

Provide for the Safety, Health and Social Service Needs of County Residents.

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 two-year term extension for Expense Lease Agreement No. 94-1156 (Lease) is \$817,850, which includes the permitted holdover at the current lease rate of \$14,869 per month for 27 months. Lease payments will be made from the Real Estate Services Department (RESD) Rents budget (7810001000) and reimbursed from the Department of Public Health (DPH) budget (9300001000). The Women, Infants, and Children (WIC) program is 100% federally funded. Sufficient appropriation and revenue are included in the 2023-24 Rents and DPH budgets and will be included in future recommended budgets. Annual lease costs are as follows:

**Amendment to Expense Lease Agreement with Miros Enterprises, LLC
for Office Space in Fontana
September 26, 2023**

<u>Year</u>	<u>Annual Lease Cost</u>
July 1, 2021 – September 30, 2023	\$401,450*
October 1, 2023 – September 30, 2024	\$205,068
October 1, 2024 – September 30, 2025	<u>\$211,332</u>
Total Cost	\$817,850

*Holdover rent

BACKGROUND INFORMATION

The recommended actions will approve RESD's use of an alternative procedure in lieu of issuing a formal Request for Proposal (RFP) as allowed under San Bernardino County (County) Policy 12-02 - Leasing Privately Owned Real Property for County Use (Policy 12-02), to extend the existing Lease two-years. The amendment includes a permitted 27-month holdover for office space located at 9161 Sierra Avenue, Suites 101–105 in Fontana (Premises), due to the continuing need to provide WIC services in that area.

WIC provides healthy foods, nutrition education, support, and access to health services to low-income women, infants, and children. On November 8, 1994 (Item No. 22), the Board of Supervisors (Board) approved the Lease, with three two-year options to extend for 5,310 square feet of office space at 9161 Sierra Avenue, Suites 101-105, in Fontana. The original term of the Lease was for the period of December 1, 1994 through November 30, 1999. In the nearly 29 years since the Lease was originally approved, the Board has approved 10 amendments, increasing the square footage leased to 5,793 square feet, extending the term of the lease through June 30, 2021, documenting a change of property ownership, and updating standard lease agreement language.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	November 30, 1999	25
2	January 29, 2002	66
3	December 16, 2003	74
4	November 7, 2006	30
5	August 25, 2009	26
6	November 17, 2009	71
7	January 8, 2013	31
8	November 18, 2014	41
9	April 18, 2017	42
10	June 25, 2019	41

On May 17, 2023, Capital Improvement Program (CIP) Project No. 23-175, submitted by DPH, was approved. DPH has requested to vacate the Premises, and to lease approximately 5,616 square feet of office space at an alternate location in the Fontana area. DPH recommends relocating to a location that has greater visibility to the public for security purposes and increased accessibility to clients. Ideally, the new location will be facing the street to increase community awareness as well.

With a continuing need for WIC services in the Fontana area, as well as time needed to secure an alternate site, DPH requested that RESD prepare an amendment to extend the term of the Lease by two additional years. Longer than anticipated negotiations with Miros Enterprises, LLC, and the lack of a suitable replacement facility created a delay, and on July 1, 2021, the Lease went into a permitted holdover period. DPH has continued to occupy the Premises and

**Amendment to Expense Lease Agreement with Miros Enterprises, LLC
for Office Space in Fontana
September 26, 2023**

abide by the terms of the Lease. All other terms and conditions of the Lease remain unchanged.

The project to approve Amendment No. 11 to the Lease with Miros Enterprises, LLC was reviewed pursuant to the California Environmental Quality Act Guidelines (CEQA) Section 15301 – Existing Facilities and determined to be categorically exempt because there is no possibility that the leasing of the subject property will have a significant effect on the environment; therefore, the activity is not subject to the provisions of CEQA.

Summary of Lease Terms

Lessor:	Miros Enterprises, LLC (Rafael Rangel, Managing Member)
Location:	9161 Sierra Avenue, Suites 101-105, Fontana
Size:	5,793 square feet of office space
Term:	Two years commencing October 1, 2023
Options:	None
Rent:	Cost per square foot per month: \$2.95* Monthly: \$17,089 Annual: \$205,068 *Mid-range for comparable facilities in the Fontana area per the competitive set analysis on file with RESD
Annual Increases:	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:	With the Consent of the Landlord with the same terms and conditions, including rent
Right to Terminate:	County has the right to terminate with 90-days' notice
Parking:	Sufficient for County needs

**Amendment to Expense Lease Agreement with Miros Enterprises, LLC
for Office Space in Fontana
September 26, 2023**

PROCUREMENT

RESO requests that the Board approve the use of an alternative procedure in lieu of a formal RFP as allowed per County Policy 12-02, to extend the term of the lease two years for the period of October 1, 2023 through September 30, 2025. Policy 12-02 provides that the Board may approve the use of an alternative procedure in lieu of the RFP process whenever the Board determines that compliance with the 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.

RESO, acting in its approved capacity as the County Administrative Office designee to review proposed real property leases under Policy 12-02, completed a competitive analysis of the area and found the lease rate is competitive for a two-year period and that the premises best meet the requirements of the department due to its ability to serve the same community from the current location.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, Deputy County Counsel, and Adam Ebright, Deputy County Counsel, 387-5455) on August 15, 2023; Public Health (Jennifer Osorio, Assistant Director, 387-9146) on August 18, 2023; Purchasing (Michelle Churchill, Supervising Buyer, 387-2070) on August 22, 2023; Finance (Paul Garcia, Administrative Analyst, 386-8392, and Garrett Baker, Administrative Analyst, 387-3077) on August 31, 2023; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on August 31, 2023.

(PN: 677-8321)

**Amendment to Expense Lease Agreement with Miros Enterprises, LLC
for Office Space in Fontana
September 26, 2023**

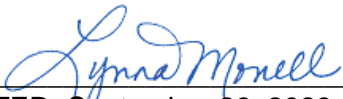
Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Jesse Armendarez

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: September 26, 2023



cc: RESD - Thompson w/ agree, NOE & Rec.
Contractor c/o RESD w/ agree
File w/ agree
JLL 10/12/2023