

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

August 19, 2025

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

JOSHUA DUGAS, Director, Department of Public Health

SUBJECT

Amendment to Lease Agreement with Lugonia Redlands, LLC for Office and Clinic Space in Redlands

RECOMMENDATION(S)

1. Find that approval of Amendment No. 6 to Lease Agreement No. 11-11 with Lugonia Redlands, LLC for office and clinic space, is an exempt project under the California Environmental Quality Act Guidelines, Section 15301 - Existing Facilities (Class 1).
2. Approve **Amendment No. 6 to Lease Agreement No. 11-11** with Lugonia Redlands, LLC, through the use of an alternative procedure as allowed per County Policy 12-02 – Leasing Privately Owned Real Property for County Use, to extend the term of the lease five years, for the period of September 1, 2025, through August 31, 2030, following a permitted eight-month holdover beginning January 1, 2025, through August 31, 2025, update standard lease agreement language for approximately 3,000 square foot for office and clinic space, located at 800 E. Lugonia Drive, Suite K in Redlands, for the Department of Public Health, Women, Infants and Children Program, increasing the total lease amount by \$397,412, for a new lease total of \$1,097,912, which includes an eight-month permitted holdover in the amount of \$38,120.
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 Amendment No. 6 (Amendment) to Lease Agreement No. 11-11 (Lease) will not result in the use of Discretionary General Funding (Net County Cost). The total cost of this five-year Amendment is \$397,412, which includes an eight-month permitted holdover in the amount of \$38,120. Lease payments will be made from the Real Estate Services Department (RESD) Rents budget (7810001000) and fully reimbursed by the Department of Public Health (DPH) budget (IO 1007404), which is 100% funded by federal and state sources. Other costs associated with this Lease include custodial and utility expenses, which will be paid from the DPH budget. Sufficient appropriation is included in the 2025-26 RESD Rents and DPH budgets and will be included in future recommended budgets. Annual lease costs are as follows:

**Amendment to Lease Agreement with Lugonia Redlands, LLC for Office
and Clinic Space in Redlands
August 19, 2025**

Year	Annual Lease Cost
*January 1, 2025 – August 31, 2025	\$38,120
September 1, 2025 – August 31, 2026	\$67,680
September 1, 2026 – August 31, 2027	\$69,708
September 1, 2027 – August 31, 2028	\$71,796
September 1, 2028 – August 31, 2029	\$73,944
September 1, 2029 – August 31, 2030	\$76,164
Total Cost	\$397,412

*Holdover Period

BACKGROUND INFORMATION

On January 11, 2011 (Item No. 43), the Board of Supervisors (Board) approved the five-year Lease, with one three-year and one two-year option to extend the term for 3,000 square feet of clinic space, located at 800 East Lugonia Avenue, Suite K, in Redlands. The original term was for the period of May 1, 2011, through April 30, 2016. In the 14 years since the Lease was originally approved, the Board has approved five amendments to amend the commencement date, reflect a change of ownership, extend the term through December 31, 2024, adjust the rental rate schedule, and update standard lease agreement language.

Amendment No.	Approval Date	Item No.
1	September 1, 2011	35
2	April 19, 2016	55
3	October 31, 2017	42
4	December 17, 2019	44
5	December 7, 2021	51

In January 2025, DPH requested that RESD negotiate an extension of the Lease for the Women, Infants, and Children (WIC) program site. Lease negotiations stalled in February 2025, due to the Landlord's request for increased rent, citing inflation, market rate changes, and broader economic conditions. DPH later advised RESD to accept the proposed rate of \$1.88 per square foot per month and move forward with a five-year lease extension to ensure the continuation of WIC services for residents of San Bernardino and the Redlands area.

The recommended action will amend the existing Lease with Lugonia Redlands, LLC to extend the term for five years, from September 1, 2025, through August 31, 2030, following a permitted holdover. The Amendment will also adjust the rental rate schedule, retain one three-year option to extend, and update standard lease agreement language. The Lease provides 3,000 square feet of office and clinic space for the DPH WIC Program and remains the most suitable facility to meet program needs. Extending this Lease will minimize service disruption and allow DPH to continue supporting the local community.

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

Lessor: Lugonia Redlands, LLC
Yoon Ja Han, Managing Member

**Amendment to Lease Agreement with Lugonia Redlands, LLC for Office and Clinic Space in Redlands
August 19, 2025**

Location:	800 East Lugonia Avenue, Suite K in Redlands
Size:	3,000 square feet of office and clinic space
Term:	Five years from September 1, 2025
Options:	One three-year option to extend remains
Rent:	Cost per square foot per month: \$1.88* (Modified Gross) Monthly: \$5,640 Annual: \$67,680 *Low-range for comparable facilities in the Redlands area per the competitive set analysis on file with RESD
Annual Increases:	3%
Improvement Costs:	None
Custodial:	Provided by County
Maintenance:	Provided by Lessor
Utilities:	Provided by Lessor, except electricity and gas provided by County
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 with the same terms and conditions, including the rent
Right to Terminate:	County can terminate with 90-days' notice
Parking:	Sufficient for County needs

PROCUREMENT

County Policy 12-02 allows the Board to approve the use of an alternative leasing procedure in lieu of a formal Request for Proposals (RFP) when compliance with the formal process would unreasonably interfere with the County's financial or programmatic needs, or when an alternative process is otherwise in the County's best interest.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, and Daniel Pasek, Deputies County Counsel, 387-5455) on July 17, 2025; Public Health (Shannon Bailey, Division Chief, 387-9146) on July 18, 2025; Purchasing (Ariel Gil, Supervising Buyer, 387-2070) on July 18, 2025; and County Finance and Administration (Iliana Rodriguez, 387-4205, and Eduardo Mora, 387-3077, Administrative Analysts) on July 31, 2025.

(DM: 677-8388)

**Amendment to Lease Agreement with Lugonia Redlands, LLC for Office
and Clinic Space in Redlands
August 19, 2025**

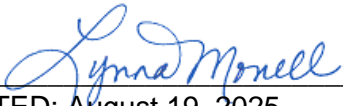
Record of Action of the Board of Supervisors
San Bernardino County

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: August 19, 2025



cc: RESD - Thompson w/agree
Contractor - c/o RESD w/agree
File - w/agree
MBA 08/22/2025