

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

January 11, 2022

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
SHANNON D. DICUS, Sheriff/Coroner/Public Administrator**

SUBJECT

Lease Amendment with WGI, Inc. for Office Space in Phelan for the Sheriff/Coroner/Public Administrator

RECOMMENDATION(S)

1. Approve the Real Estate Services Department's use of an alternative procedure in lieu of a Formal Request for Proposals, as allowed per County Policy 12-02 – Leasing Privately Owned Real Property for County Use, to extend the term of Lease Agreement No. 05-223, with WGI, Inc. for two years, for the period of March 1, 2022 through February 29, 2024, and add one, two-year option to extend the term of the lease for the continued use of approximately 3,285 square feet of office space located at 4050 Phelan Road, Units 1 and 2 for the Sheriff/Coroner/Public Administrator.
2. Approve **Amendment No. 7 to Lease Agreement No. 05-223** with WGI, Inc. to extend the term of the lease for two years, for the period of March 1, 2022 through February 29, 2024, adjust the rental rate schedule, add one two-year option to extend the term of the lease and update standard lease agreement language for the continued use of approximately 3,285 square feet of office space located at 4050 Phelan Road, Units 1 and 2 for the Sheriff/Coroner/Public Administrator in Phelan in the amount of \$148,212.

(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 this two-year amendment is \$148,212. Lease payments will be made from the Real Estate Services Department's (RES D) Rents budget (7810001000). RES D will be reimbursed from the Sheriff/Coroner/Public Administrator's (Sheriff) budget (4430091000). Other costs associated with this lease include custodial, electric utility costs, and maintenance of fire suppression equipment which will be paid from the Sheriff's (4430091000) budget. Sufficient appropriation is included in both the RES D and Sheriff's 2021-22 budgets and will be included in future recommended budgets. Annual lease costs are as follows:

**Lease Amendment with WGI, Inc. for Office Space in Phelan for the
Sheriff/Coroner/Public Administrator
January 11, 2022**

| <u>Year</u> | <u>Annual Lease Cost</u> | <u>Estimate of Other Costs Associated With This Lease</u> |
|-----------------------------------|--------------------------|---------------------------------------------------------------|
| March 1, 2022 – February 28, 2023 | \$ 72,924 | \$15,054 |
| March 1, 2023 – February 29, 2024 | <u>\$ 75,288</u> | <u>\$15,656</u> |
| Total Cost | \$148,212 | \$30,710 |

BACKGROUND INFORMATION

The recommended action will amend an existing lease with WGI, Inc. (WGI) to extend the term of the lease for the period of March 1, 2022 through February 29, 2024, add a two-year option to extend the term, update standard lease agreement language and adjust the rental rate schedule for approximately 3,285 square feet of office space at 4050 Phelan Road Units 1 and 2, in Phelan, to support the continuing need to provide Sheriff services in the Phelan area.

On March 29, 2005 (Item No. 50), the Board of Supervisors (Board) approved a five-year Lease Agreement No. 05-223, with two, two-year options to extend the term of the lease, with Fontana Juniper, LLC for approximately 3,285 square feet of office space located at 4050 Phelan Road Units 1 and 2, in Phelan. The original term of the lease was for the period of April 1, 2005 through March 31, 2010. In the 16 years since the lease was originally approved, the Board has approved six amendments to extend the term of the lease through exercising options, add two two-year options to extend the term of the lease, reflect two changes of property ownership, modify the rent, and update standard lease agreement language.

| <u>Amendment No.</u> | <u>Approval Date</u> | <u>Item No.</u> |
|----------------------|----------------------|-----------------|
| 1 | May 11, 2010 | 68 |
| 2 | March 13, 2012 | 42 |
| 3 | October 8, 2013 | 43 |
| 4 | March 1, 2016 | 47 |
| 5 | July 24, 2018 | 33 |
| 6 | January 28, 2020 | 38 |

The Sheriff requested that RESD prepare an amendment to extend the term of the lease agreement for two years and to add an additional two-year extension option. RESD conducted a market survey and determined that the rental rates for the extended term is equivalent to market rates in the Phelan area, which are predominantly in the high range of competitive rates. RESD consulted with the Sheriff regarding the rental rates for the extended term, versus the relocation costs, and disruption to Sheriff services in the downtown Phelan area and Sheriff desires to proceed with the amendment. Amendment No. 7 to Lease Agreement No. 05-223 provides for the continued use of approximately 3,285 square feet of office space at 4050 Phelan Road, in Phelan, by extending the term of the lease for two years for the period of March 1, 2022 through February 29, 2024, adding one two-year option to extend the term of the lease and adjusts the rental rate schedule.

Staff has reviewed the recommended action pursuant to the California Environmental Quality Act (CEQA) and has determined that it does not constitute a project. Accordingly, no further action is required under CEQA.

Summary of Lease Terms

Lessor: WGI, Inc.

**Lease Amendment with WGI, Inc. for Office Space in Phelan for the Sheriff/Coroner/Public Administrator
January 11, 2022**

(William G. Ingalls, President)

Location: 4050 Phelan Road Units 1 and 2, Phelan

Size: Approximately 3,285 square feet of office space

Term: Two years commencing March 1, 2022

Options: One two-year option to extend

Rent: Cost per sq. ft. per month: \$1.85
Monthly: \$6,077
Annual: \$72,924
*High-range for comparable facilities in the Phelan area per the competitive set analysis on file with RESD

Annual Increases: 3%

Improvement Costs: None

Custodial: Provided by County

Maintenance: Provided by Lessor; County provides maintenance of fire suppression equipment

Utilities: Provided by County, except for exterior lighting

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

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

Parking: Sufficient for County needs

PROCUREMENT

On March 29, 2005 (Item No. 50), the Board approved a five-year Lease Agreement No. 05-223, with two, two-year options to extend the term of the lease, which was procured using a solicitation of proposals procurement process as provided in County Policy 12-02 – Leasing Privately Owned Real Property for County Use (Policy 12-02). Policy 12-02 provides the Board may approve the use of an alternative procedure in lieu of a Formal Request for Proposals (RFP) whenever the Board determines 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 be in the best interest of the County.

RESD, acting in its approved capacity as the County Administrative Office's designee to review proposed real property leases and licenses under Policy 12-02, completed a competitive analysis of the area and found the negotiated rental rate schedule to be competitive. The facility meets the needs of the department, and the department would save moving costs by remaining at the present leased facility. RESD requests the Board approve the use of an alternative procedure in lieu of a Formal RFP to extend the term of the lease for two years, for the period of

**Lease Amendment with WGI, Inc. for Office Space in Phelan for the
Sheriff/Coroner/Public Administrator
January 11, 2022**

March 1, 2022 through February 29, 2024, and add one two-year option to extend the term of the lease.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel and, Richard Luczak, Deputy County Counsel, 387-5455) on December 16, 2021; San Bernardino County Sheriff's Department (Jose Torres, Administrative Manager, 387-3648) on December 6, 2021; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on November 24, 2021; Finance (Carolina Mendoza, Administrative Analyst, 387-0294 and Carl Lofton, Administrative Analyst, 387-5404) on December 16, 2021; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-4376) on December 20, 2021.

(KB: 677-7961)

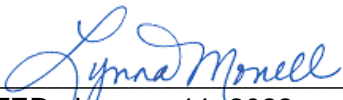
**Lease Amendment with WGI, Inc. for Office Space in Phelan for the
Sheriff/Coroner/Public Administrator
January 11, 2022**

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: January 11, 2022



cc: RESD - Thompson w/agree
 Contractor - C/O RESD w/agree
 File - w/agree
CCM 01/13/2022