

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

July 27, 2021

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
DR. VERONICA KELLEY, Director, Department of Behavioral Health**

SUBJECT

Amendment No. 2 to Lease Agreement with MTK SoCal Investments, LLC for Office Space for the Department of Behavioral Health in Needles

RECOMMENDATION(S)

1. Approve **Amendment No. 2** to Lease **Agreement No. 12-684** with MTK SoCal Investments, LLC for landlord to perform tenant improvements to expand the bandwidth for internet services to the premises and update standard lease agreement language for approximately 3,528 square feet of office space for the Department of Behavioral Health at 1600 Bailey Avenue in Needles at a cost not to exceed \$159,871.
 2. Authorize the Purchasing Department to issue purchase orders, as necessary, for a total amount not to exceed \$45,000 for any contingencies and/or change orders that may arise in order to complete the tenant improvements set forth in Amendment No. 2 to be performed by landlord (Four votes required).
 3. Authorize the Auditor/Controller/Treasurer/Tax Collector to post budget adjustments totaling \$204,871 as detailed in the Financial Impact Section (Four votes required).
- (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). A payment not to exceed \$159,871 for the tenant improvements, which includes a 10% landlord administrative fee, and any change orders not to exceed \$45,000 will be made from the Department of Behavioral Health (DBH) Mental Health Services Act (MHSA) (9204072200) budget. The MHSA budgetary fund center and a transfer between Commitment Items will be as follow:

Cost Center	Commitment Item	Description	Amount	Action
9200002200	52002400	Prof & Specialized Services	\$204,871	Decrease
9200002200	54304030	Struct & Improv to Structures	\$204,871	Increase

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BACKGROUND INFORMATION

The recommended action will approve an amendment with MTK SoCal Investments, LLC (Landlord) for Landlord to perform tenant improvements. The improvements expand the bandwidth for internet services at the existing premises, update standard lease agreement language, authorize the transfer between budgetary fund center commitment items in the amount of \$204,871, and approve an allocation not to exceed \$45,000 for approved change orders because of the continuing need of DBH to provide improved services for its clients in the Needles area. The improvements were previously approved through Capital Improvement Project (CIP) No. 21-171.

On October 23, 2012 (Item No. 55), the Board of Supervisors (Board) approved a 10-year lease agreement, No. 12-684, for 3,528 square feet of office space at 1600 Bailey Avenue in Needles for use by DBH. The original term of the lease, which is still in effect, is for the period of March 1, 2013 through February 28, 2023. In the approximately nine years since the lease was originally approved, the Board has approved one amendment to reflect a change in the commencement date.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	February 26, 2013	44

Following approval of CIP No. 21-171, DBH requested that RESD negotiate an amendment with Landlord for Landlord to complete tenant improvements to expand the bandwidth for internet services at the premises by July 30, 2021, for a cost not to exceed \$159,871 which will be reimbursed to Landlord in one lump sum payment within 90 days after completion of the improvements. DBH is also requesting the transfer between budgetary fund center commitment items in the amount of \$204,871 and an allocation not to exceed \$45,000 to be paid through purchase orders for any contingencies and/or change orders.

Amendment No. 2 to Lease Agreement No. 12-684 provides for Landlord's completion of tenant improvements to expand the bandwidth for internet services to the premises and updates standard lease agreement language for approximately 3,528 square feet of office space at 1600 Bailey Avenue in Needles for DBH in an amount not to exceed \$159,871, authorize the transfer between budgetary fund center commitment items in the amount of \$204,871, and authorize an allocation up to \$45,000 for any change orders and/or contingencies.

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:	MTK SoCal Investments, LLC (Jason Tolleson, Member)
Location:	1600 Bailey Avenue, Needles
Size:	3,528 Square feet of office space
Term:	10 years; which commenced on March 1, 2013

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Options:	Two five-year options to extend the term
Improvement Costs:	Provided by Lessor at a cost not to exceed \$159,871, which includes Lessor administrative fee of 10%, with the cost to be reimbursed in one lump sum within 90 days after completion and an allocation up to \$45,000 for any contingencies and change order work to the improvements set forth in Amendment No. 2 to be authorized by RESD and/or DBH representatives and paid by purchase orders as needed
Custodial:	Provided by County
Maintenance:	Provided by Lessor
Utilities:	Provided by Lessor, except that County shall pay for electric costs that exceed the electric utility expense cap
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, which may only be exercised after February 28, 2023
Parking:	Sufficient for County needs

PROCUREMENT

On October 23, 2012 (Item No. 55), the Board approved Lease Agreement No. 12-684, which was procured according to County Policy No. 12-02 – Leasing Privately Owned Real Property for County Use (Policy 12-02), using an alternative procedure. Policy 12-02 does not apply to amendments of existing leases, provided the amendment does not exceed the maximum term (including options) of the lease.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel and Dawn Martin, Deputy County Counsel, 387-5455) on July 6, 2021; Department of Behavioral Health (Michael Knight, Assistant Director and Emily Petrus, Administrative Supervisor 388-0949) on May 28, 2021; Purchasing Department (Bruce Cole, Supervising Buyer III, 387-2148) on May 25, 2021; Auditor-Controller/Treasurer/Tax Collector (Erika Gomez, General Accounting Manager, 382-3196) on July 2, 2021; Finance (Carl Lofton, Administrative Analyst, 387- 4020 and Chris Lange, Administrative Analyst, 386-8393) on July 13, 2021; and County Finance and Administration (Mathew Erickson, County Chief Financial Officer, 387-5423) on July 13, 2021.

(LB: 453-5227)

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Dawn Rowe Seconded: Col. Paul Cook (Ret.)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: July 27, 2021



cc: RESD- Thompson w/agree
Contractor- RESD w/agree
File- w/agree

LA 07/29/2021