

**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

THOMAS W. SONE, Public Defender

SUBJECT

Amendment No. 5 to Lease Agreement with Civic Center Investors, LLC for Office Space for the Public Defender in Victorville

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 add two two-year options to extend the term of Lease Agreement No. 07-1079 with Civic Center Investors, LLC for 9,719 square feet of office space for the Public Defender at 14344 Cajon Street in Victorville.
2. Approve **Amendment No. 5** to Lease **Agreement No. 07-1079** with Civic Center Investors, LLC to extend the term of the lease two years for the period of August 1, 2021 through July 31, 2023 by County's exercise of its existing extension option, following a permitted five-month holdover for the period of March 1, 2021 through July 31, 2021, add two two-year options to extend the term of the lease, adjust the rental rate schedule, and update standard lease agreement language for 9,719 square feet of office space for the Public Defender at 14344 Cajon Street in Victorville in the amount of \$580,903.

(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 \$580,903. Lease payments will be made from the Real Estate Services Department (RESA) Rents budget (7810001000) and reimbursed from the Public Defender (PD) budget (4913001000). The lease includes an electrical utility cap, beyond which landlord's expenses are reimbursable by PD, but it is not anticipated that electric utility expenses will exceed the cap. Sufficient appropriation is included in the 2021-22 Rents and PD budgets and will be included in future recommended budgets. Annual lease costs are as follows:

<u>Period</u>	<u>Annual Lease Cost</u>
March 1, 2021 – July 31, 2021	\$ 107,395
August 1, 2021 – July 31, 2022	\$ 233,256

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August 1, 2022 – July 31, 2023	<u>\$ 240,252</u>
Total Cost	\$ 580,903

BACKGROUND INFORMATION

The recommended action will amend an existing lease with Civic Center Investors, LLC by extending the term of the lease two years for the period of August 1, 2021 through July 31, 2023 by County's exercise of an existing option to extend the term of the lease, following a permitted five-month holdover for the period of March 1, 2021 through July 31, 2021, add two two-year options to extend the term of the lease, adjust the rental rate schedule, and update standard lease agreement language because of the continuing need for PD services in Victorville.

On December 18, 2007 (Item No. 40), the Board of Supervisors (Board) approved a 10-year Lease Agreement No. 07-1079, for 9,719 square feet of office space at 14344 Cajon Street, Second Floor, in Victorville. The original term of the lease was for the period of March 1, 2008 through February 28, 2018. In the 13 years since the lease was originally approved, the Board has approved four amendments to shorten the lease term, add an extension option, adjust the rental rate schedule and other costs, and extend the term through February 28, 2021.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	February 12, 2008	29
2	February 12, 2013	37
3	May 20, 2014	64
4	July 25, 2017	40

The PD requested RESD prepare an amendment to extend the term of the lease through July 31, 2023. This location meets the needs of the PD and is in close proximity to the Victorville Courthouse. Amendment No. 5 to Lease Agreement No. 07-1079 extends the term of the Lease for two years for the period of August 1, 2021 through July 31, 2023, due to the County's exercise of its existing option to extend the term of the lease, following a permitted five-month holdover for the period of March 1, 2021 through July 31, 2021, adds two two-year options to extend the term of the lease, adjusts the rental rate schedule, and updates standard lease agreement language. All other terms and conditions of the lease remain unchanged.

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:	Civic Center Investors, LLC (Jose Luis Andreu, Managing Member)
Location:	14344 Cajon Street, Second Floor, Victorville
Size:	9,719 square feet of office space
Term:	Two years commencing August 1, 2021, following a permitted five-month holdover for the period of March 1, 2021 through July 31, 2021

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Options:	Two two-year options
Rent:	Cost per sq. ft. per month: \$2.00* full-service gross Monthly: \$19,438 Annual: \$233,256 *Mid-range for comparable facilities in the Victorville area per the competitive set analysis on file with RESD
Annual Increases:	3%
Custodial:	Provided by Lessor
Maintenance:	Provided by Lessor
Utilities:	Provided by Lessor, except that County shall pay electrical costs in excess of \$41,986.08 per lease year or \$0.36 per square foot per month (electrical utility expense cap) subject to 3% annual increases
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 December 18, 2007 (Item No. 40), the Board approved Lease Agreement No. 07-1079, which was procured according to County Policy 12-02 – Leasing Privately Owned Real Property for County Use (Policy 12-02) using the solicitation of proposals (SOP) process to procure the requested office space. The procurement process required by Policy 12-02 does not apply to the two-year extension of the term of the lease due to the exercise of an existing extension option. Policy 12-02 provides that the Board may approve the use of an alternative procedure in lieu of a Formal Request for Proposals (RFP) to add two two-year options to extend the term of lease whenever the Board determines that compliance with the Formal 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 interests of the County.

RESD, acting in its approved capacity as the CAO designee to review proposed real property leases under Policy 12-02, completed a competitive analysis of the market and found the current rent to be competitive. In addition, this facility best meets the requirements of the department and would save on relocation costs. Therefore, RESD recommends the Board's approval to extend the term of the lease two years for the period of August 1, 2021 through July 31, 2023 by County's exercise of its existing extension option, following a permitted five-month holdover for the period of March 1, 2021 through July 31, 2021 and add two two-year options to extend the term of the lease without the use of a formal RFP process.

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REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel and John Tubbs, Deputy County Counsel, 387-5455) on June 30, 2021; Public Defender (Diana Lovelace, Chief of Administration, 382-3950) on May 27, 2021; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on May 26, 2021; Finance (Carolina Mendoza, Administrative Analyst, 387-0294 and Carl Lofton, Administrative Analyst, 387-5404) on July 13, 2021 and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on July 13, 2021.

(JAG: 677-8210)

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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- C/O RESD w/agree
File- w/agree
LA 07/29/2021