

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

September 14, 2021

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
BOB DUTTON, Assessor-Recorder-County Clerk**

SUBJECT

Lease Agreement with Vicky L. Thomas, Trustee of the Vicky L. Thomas Trust Dated February 7, 2007, for Office and Records Storage Space for the Assessor-Recorder-County Clerk in San Bernardino

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 lease approximately 14,097 square feet of office and records storage space for five years for the projected period of November 1, 2021 through October 31, 2026, subject to landlord's completion of certain turn-key tenant improvements, with one three-year option to extend the term of the lease for the Assessor-Recorder-County Clerk in San Bernardino.
2. Approve a **Lease Agreement No. 21-683** with Vicky L. Thomas, Trustee of the Vicky L. Thomas Trust dated February 7, 2007, for five years for the projected period of November 1, 2021 through October 31, 2026, subject to landlord's completion of certain turn-key tenant improvements, with one three-year option to extend the term of the lease, for approximately 14,097 square feet of office and records storage space for the Assessor-Recorder-County Clerk in San Bernardino in an amount not to exceed \$1,911,180.
3. Authorize the Purchasing Department to issue purchase orders, as necessary, for a total amount not to exceed \$25,000, for any contingencies and/or change orders that may arise in order to complete the tenant improvements set forth in the initial lease (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.

FINANCIAL IMPACT

Approval of this item will result in the use of additional Discretionary General Funding (Net County Cost) in a total amount of \$1,159,195. The total cost of this five-year lease agreement is an amount not to exceed \$1,911,180, comprising of \$1,717,020 in rent and an amount not to exceed \$194,160 for a one-time reimbursement of tenant improvement costs. Lease payments will be made from the Real Estate Services Departments (RESA) Rents budget (7810001000) and reimbursed from the Assessor-Recorder-County Clerk (ARC) budget (3110002347). It is the intent that the additional lease cost will be funded by the Archive Acquisition reserve if other

Lease Agreement with Vicky L. Thomas, Trustee of the Vicky L. Thomas Trust Dated February 7, 2007, for Office and Records Storage Space for the Assessor-Recorder-County Clerk in San Bernardino September 14, 2021

funding is not available. Other costs associated with this lease include any electrical expenses that exceed the electrical utility expense cap, which will be paid directly from the ARC budget. The one-time reimbursement for tenant improvements shall be paid directly from the ARC budget (3110002347) to the landlord. Budget adjustments to access reserve funds are not requested at this time but will be included in future budget reports presented to the Board of Supervisors (Board) for approval. Sufficient appropriation is included in the 2021-22 Rents and ARC budgets and will be included in future recommended budgets. Annual lease costs are as follows:

<u>Year (projected)</u>	<u>Annual Lease Cost</u>
November 1, 2021 – October 31, 2022	\$ 329,868
November 1, 2022 – October 31, 2023	\$ 336,636
November 1, 2023 – October 31, 2024	\$ 343,404
November 1, 2024 – October 31, 2025	\$ 350,172
November 1, 2025 – October 31, 2026	<u>\$ 356,940</u>
Total Cost:	<u>\$1,717,020</u>

BACKGROUND INFORMATION

The recommended actions will approve a new five-year lease agreement, with one three-year option to extend the term of the lease, with Vicky L. Thomas, Trustee of the Vicky L. Thomas Trust dated February 7, 2007, for approximately 14,097 square feet of office and records storage space located at 412 West Hospitality Lane in San Bernardino, and will allow ARC to replace existing office and records storage space with a larger facility dedicated to the safe storage of the collection of historical records, including a resource center open to the public and County staff.

Historical Archives (Archives) was established in 1979, and is the official repository of County archival records. Archives is responsible for identifying and preserving the historical records of San Bernardino County. Archives mission is to support the goals of San Bernardino County and the citizens of the County, by making accessible the records of historical significance created by the County government. Records created or received by County Agencies are transferred to Archives in accordance with policies and procedures established by the retention schedule. The Archives serve as both a repository for these unique documents and as a resource center open to the public and County staff.

On March 28, 2012, the County Administrative Office (CAO) approved Capital Improvement Program Request No. 12-165, submitted by Archives, to lease approximately 8,945 square feet of office and records storage space in San Bernardino. RESD has been searching for a new location for Archives since March 2012. The specifications are unique, and a new site has been exceedingly difficult to find. For Archives to occupy a facility, it must provide the proper environment for records to ensure their safety and preservation, including temperature and humidity control, space to safely store and retrieve records, and a place to provide access to those records. The majority of the space within Archives is dedicated to the safe storage of the collection for future generations. Opportunities to find relocation space meeting this specific criteria have proven difficult.

Archives currently leases 7,250 square feet of office and records storage space located at 1808 Commercenter Drive West, Suite D, in San Bernardino under Lease Agreement No. 05-1174

Lease Agreement with Vicky L. Thomas, Trustee of the Vicky L. Thomas Trust Dated February 7, 2007, for Office and Records Storage Space for the Assessor-Recorder-County Clerk in San Bernardino September 14, 2021

(Current Lease). Archives has outgrown the current space and finds that it does not meet Archives' current goals or future records storage needs. The Current Lease expires March 31, 2022 and no options to extend that lease remain. The new lease will commence on November 1, 2021 to allow for the completion of the tenant improvements at the new facility in time for Archives to relocate the records collection and timely surrender the current space.

Approval of this lease for Archives would allow Archives to move to a new location and overcome their challenging constraints.

RESD negotiated a five-year lease, with one three-year option to extend the term of the lease, at \$1.95 per square foot, full service gross. The tenant improvements to be delivered by Landlord will be turn-key and include office space, records storage space, a public seating area, conference rooms, breakrooms and a negative pressure receiving area for records. The tenant improvement costs will include an amount not to exceed \$194,160 for a one-time reimbursement paid directly from Archives to the Landlord. The term of the lease is for five years, with one three-year option to extend the term of the lease, for the projected period of November 1, 2021 through October 31, 2026, subject to landlord's completion of certain turn-key tenant improvements. This location is within close proximity to ARC's main office building at 222 West Hospitality Lane, and has the capacity to support additional staff at this location. This site at 412 West Hospitality Lane is centrally located for the public agencies and clients to be served, with public transportation at the site and ancillary services nearby. The County does not have the right to terminate for convenience during the initial five-year term, but if the initial term is extended, the County may terminate the lease for convenience with 90-days' notice during the extended term.

RESD requests, on behalf of ARC, that the Board also authorize the Purchasing Agent to issue purchase orders, as necessary, for a total amount not to exceed \$25,000, for any contingencies and/or minor change orders that may arise in order to complete the turn-key tenant improvements set forth in the initial lease. All change orders will be approved by ARC prior to authorizing any change order work or payment(s) to the landlord.

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:	Vicky L. Thomas, Trustee of the Vicky L. Thomas Trust dated February 7, 2007 (Vicky L. Thomas, Trustee)
Location:	412 West Hospitality Lane, San Bernardino
Size:	14,097 square feet of office space (1 st Floor)
Term:	Five years, projected to commence on November 1, 2021
Options:	One three-year option to extend the term of the lease

Lease Agreement with Vicky L. Thomas, Trustee of the Vicky L. Thomas Trust Dated February 7, 2007, for Office and Records Storage Space for the Assessor-Recorder-County Clerk in San Bernardino September 14, 2021

Rent:	Cost per sq. ft. per month: \$1.95* full service gross Monthly: \$27,489 Annual: \$329,868 *Mid-range for comparable facilities in the San Bernardino area per the competitive set analysis on file with RESD
Annual Increases:	2%
Improvement Costs:	Turn-key improvements to be constructed by landlord and reimbursed by County in an amount not to exceed \$194,160 upon completion and acceptance, and an allocation of up to \$25,000 for any contingencies and change orders to certain turn-key tenant improvements set forth in the initial lease to be approved by ARC and paid by purchase order
Custodial:	Provided by Lessor
Maintenance:	Provided by Lessor
Utilities:	Provided by Lessor, County to pay electrical costs in excess of \$3,524 per lease year or \$0.25 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:	None during the initial five-year term; if the initial term is extended, County has the right to terminate with 90-days' notice during an extended term
Parking:	Sufficient for County needs

PROCUREMENT

RESD is requesting the Board approve the use of an alternative procedure in lieu of a Formal Request for Proposals (RFP) as allowed per County Policy 12-02 – Leasing Privately Owned Real Property for County Use (Policy 12-02) to lease approximately 14,097 square feet of office and records storage space in San Bernardino for ARC for five years for the projected period of November 1, 2021 through October 31, 2026, with one three-year option to extend the term of the lease, subject to landlord's completion of certain turn-key tenant improvements. Policy 12-02 provides that the Board may approve the use of an alternative procedure to the use of a Formal RFP process 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 interest 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

Lease Agreement with Vicky L. Thomas, Trustee of the Vicky L. Thomas Trust Dated February 7, 2007, for Office and Records Storage Space for the Assessor-Recorder-County Clerk in San Bernardino September 14, 2021

proposed rent to be competitive and this site best meets the programmatic needs of the department to provide Archives office and record storage space.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel and Kristina Robb, Supervising Deputy County Counsel, 387-5455) on August 18, 2021; Assessor-Recorder-County Clerk (Joani Finwall, Assistant Recorder, 382-3219) on August 23, 2021, Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on August 23, 2021; Finance (Carl Lofton, Administrative Analyst, 387-5404 and Wen Mai, Principal Administrative Analyst, 387-4020) on August 24, 2021; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on August 27, 2021.

(PN: 677-8321)

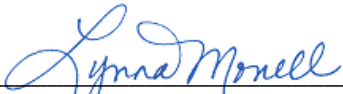
Lease Agreement with Vicky L. Thomas, Trustee of the Vicky L. Thomas Trust Dated February 7, 2007, for Office and Records Storage Space for the Assessor-Recorder-County Clerk in San Bernardino September 14, 2021

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: September 14, 2021



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

CCM 09/23/2021