



San Bernardino County

Legislation Text

File #: 2880, Agenda Item #: 67

REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF THE SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT AND RECORD OF ACTION

September 15, 2020

FROM

BRENDON BIGGS, Chief Flood Control Engineer

TERRY W. THOMPSON, Director Real Estate Services Department

SUBJECT

Amendment No. 5 to Revenue Lease Agreement with Virginia Dare Winery Business Centre Owners Association, Inc. for the Use of San Bernardino County Flood Control District Land in Rancho Cucamonga

RECOMMENDATION(S)

Acting as the governing body of the San Bernardino County Flood Control District, approve Amendment No. 5 to Lease Agreement No. 96-741 with Virginia Dare Winery Business Centre Owners Association Inc., to extend the term of the lease five years for the period of October 1, 2020 through September 30, 2025, following a nine month permitted holdover, for the period of January 1, 2020 through September 30, 2020, adjust the lease rental rate schedule, and update standard lease agreement language for the use of approximately 7,380 square feet of unimproved San Bernardino Flood Control District-owned land in Rancho Cucamonga for total revenue in the amount of \$43,914.

(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 not result in the use of Discretionary General Funding (Net County Cost). The total revenue to be received by the San Bernardino County Flood Control District (District) during this five-year amendment is \$43,914. Revenue will be deposited in the District's Fund (1910002518). Annual revenue is as follows:

<u>Period</u>	<u>Annual Revenue</u>
January 1, 2020 - September 30, 2020	\$ 4,734
October 1, 2020 - September 30, 2021	\$ 7,380
October 1, 2021 - September 30, 2022	\$ 7,601
October 1, 2022 - September 30, 2023	\$ 7,829
October 1, 2023 - September 30, 2024	\$ 8,064
October 1, 2024 - September 30, 2025	<u>\$ 8,306</u>

Total Revenue **\$43,914**

BACKGROUND INFORMATION

The recommended action will amend an existing revenue Lease Agreement, No. 96-741 to extend the term of the lease with Virginia Dare Winery Business Centre Owners Association Inc. (VDW) by five years for the period of October 1, 2020 through September 30, 2025, following a permitted nine-month holdover with District consent for the period of January 1, 2020 through September 30, 2020, adjust the lease rental rate schedule, and update standard lease agreement language for the use approximately 7,380 square feet of District-owned land along the Deer Creek Channel for a parking lot, landscaping and fence line in the City of Rancho Cucamonga.

On August 6, 1996 (Item No. 30), the Board of Supervisors (Board) approved a five-year Lease Agreement, No. 96-741 (Agreement), with four five-year options to extend the term of the lease, with VDW for the use of 7,380 square feet of District land in Rancho Cucamonga for use as a parking lot and landscaped area and a fence line in Rancho Cucamonga. The original term of the Agreement was for the period of January 1, 1993 through December 31, 1998. In the 24 years since the Agreement was originally approved, the Board has approved four amendments extending the term of the lease through December 31, 2019, adjusting the rent schedule with an increase at each extension, adding three additional five-year options to extend the term of the lease, and updating standard lease agreement language.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	May 25, 1999	14
2	April 5, 2005	42
3	January 26, 2010	72
4	December 16, 2014	80

The District requested the Real Estate Services Department (RESD) to prepare an amendment as a result of VDW's exercise of its first of three available five-year option extensions. RESD conducted a market survey of comparable unimproved land and determined the rent should increase. Extended negotiations regarding the rent increase and other provisions of the amendment delayed agreement of the terms of the amendment and on January 1, 2020, the Agreement went into a permitted holdover. VDW has continued to occupy the leased area and abide by the provisions of the Agreement. Approval of Amendment No. 5 to the Agreement will extend the term of the lease five-years for the period of October 1, 2020 through September 30, 2025, following a permitted nine-month holdover for the period of January 1, 2020 through September 30, 2020, adjust the rental rate schedule, and update the standard lease agreement language for the use of approximately 7,380 square feet of District-owned land along Deer Creek Channel in Rancho Cucamonga. All other terms and conditions of the Agreement 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

Lessee: Virginia Dare Winery Business Centre Owners Association, Inc.
(Veronica Speed, President)

Location: A portion of District-owned land along Deer Creek Channel
located at Foothill Blvd. and Haven Avenue in Rancho
Cucamonga

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Size:	Approximately 7,380 square feet of District land
Term:	Five years commencing October 1, 2020, following a permitted nine-month holdover for the period of January 1, 2020 through September 30, 2020
Options	Two five-year options to extend remain
Rent:	Revenue: Period: \$4,734 (nine months holdover rent) Annual: \$7,380* *Mid-range for comparable facilities in the Rancho Cucamonga area per the competitive set analysis on file with RESD
Annual Increases:	3%
Improvement Costs:	None
Maintenance:	Provided by Lessee
Utilities:	Provided by Lessee
Insurance:	The Certificate of Liability Insurance, as required by the lease, is on file with the RESD
Right to Terminate:	None, except in the event of default

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel and Sophie Akins, Deputy County Counsel, 387-5455) on July 23, 2020; FCD (David Doublet, Deputy Director, 387-7918) on July 14, 2020; Finance (Jessica Trillo, Administrative Analyst, 387-4222 and Wen Mai, Principal Administrative Analyst, 387-4020) on August 24, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on August 31, 2020.

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