



# San Bernardino County

## Legislation Text

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**File #: 4321, Agenda Item #: 72**

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

**June 8, 2021**

#### **FROM**

**TERRY W. THOMPSON, Director, Real Estate Services Department**

**PHALOS HAIRE, Director, Preschool Services Department**

#### **SUBJECT**

Amendment No. 7 to Lease Agreement with Ashok Talwar and Kay Talwar, Trustees of Talwar Trust dated June 29, 1989 for Classroom/Office Space for the Preschool Services Department in Apple Valley

#### **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 expansion space known as Unit 109, comprising approximately 642 square feet, to Lease Agreement No. 98-691 with Ashok Talwar and Kay Talwar, Co-Trustees of the Talwar Trust dated June 29, 1989, for the 22-month period of June 15, 2021 through the remainder of the existing term ending on April 14, 2023 for the Preschool Services Department at 13589 Navajo Road in Apple Valley.
2. Approve Amendment No. 7 to Lease Agreement No. 98-691 with Ashok Talwar and Kay Talwar, Co-Trustees of the Talwar Trust dated June 29, 1989, to add expansion space known as Unit 109, comprising approximately 642 square feet, increasing the total leased premises from approximately 10,384 square feet to approximately 11,026 square feet for the 22-month period of June 15, 2021 through the remainder of the existing term ending on April 14, 2023 and adjust the rental rate schedule to reflect the expansion space for approximately 11,026 square feet of classroom and office space in Suites 100, 101, 102, 103, 104, 105, 106, 107, 108 and 109 at 13589 Navajo Road in Apple Valley for the Preschool Services Department in the amount of \$14,124.

(Presenter: Terry W. Thompson, Director, 387-5000)

#### **COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Operate in a Fiscally-Responsible and Business-Like Manner.**

**Pursue County Goals and Objectives by Working with Other Agencies.**

#### **FINANCIAL IMPACT**

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). Preschool Services Department (PSD) lease costs are approximately 90% federally funded and 10% state funded. The total cost for this 22-month amendment for the expansion space for the period of June 15, 2021 through the remainder of the existing term ending on April 14, 2023, is \$14,124. This cost is in addition to the lease cost of \$378,600 for the existing space for the remainder of the term for the period of June 15, 2021 through April 14, 2023, which was set forth in the Sixth Amendment and previously approved by the Board on October 4, 2016 (Item No. 31). Lease payments for the expansion space will be paid from the Real Estate Services Department

(RESD) Rents budget and reimbursed from the PSD budget (5911402220) along with the other costs associated with the expansion space, which include custodial, utility and telephone expenses. Sufficient appropriation for the additional cost for the expansion space is included in both the Rents and PSD 2020-21 budgets and will be included in future recommended budgets. Lease costs for the expansion space is as follows:

| <u>Period for Expansion Space<br/>(Remainder of Existing Term)</u> | <u>Annual Lease Cost for<br/>Expansion Space</u> | <u>Estimate of Other Costs<br/>With Expansion Space</u> <u>Associated</u> |
|--|--|---|
| June 15, 2021 - April 14, 2022                                     | \$ 6,420   | \$ 6,230  |
| April 15, 2022 - April 14, 2023                                    | \$ 7,704   | \$ 6,417  |
| <b>Total Cost:</b>   | <b>\$14,124</b>                                  | <b>\$12,647</b>   |

### **BACKGROUND INFORMATION**

The recommended actions will amend an existing lease with Ashok Talwar and Kay Talwar, Co-Trustees of the Talwar Trust dated June 29, 1989 (Talwar) to add expansion space known as Unit 109, comprising approximately 642 square feet, increasing the total leased premises from approximately 10,384 square feet to approximately 11,026 square feet for the 22-month period of June 15, 2021 through the remainder of the existing term ending on April 14, 2023 and adjust the rental rate schedule to reflect the expansion space for approximately 11,026 square feet of office and classroom space in Suites 100, 101, 102, 103, 104, 105, 106, 107, 108 and 109 at 13589 Navajo Road in Apple Valley because of the continuing need to provide classroom and office space for PSD in the Apple Valley area.

On August 11, 1998 (Item No. 17), the Board of Supervisors (Board) approved a three-year lease agreement, No. 98-691, with three two-year options to extend the term of the lease, with Borego Springs Bank for 5,409 square feet of classroom and office space at 13589 Navajo Road in Apple Valley. The original term of the lease was for the period of April 15, 1998 through April 14, 2001. In the 23 years since the lease was originally approved, the Board has approved six amendments to extend the term, increase the leasehold area to 10,384 square feet, reflect a change of ownership from Borrego Springs Bank to A.V.P. Holdings, reflect a change of ownership from A.V.P Holdings to Talwar Trust, relocate suites, adjust the rental rate schedule and update standard lease agreement language.

| <u>Amendment No.</u> | <u>Approval Date</u> | <u>Item No.</u> |
|----------------------|----------------------|-----------------|
| 1                    | November 6, 2001     | 49              |
| 2                    | April 30, 2002       | 45              |
| 3                    | September 24, 2002   | 45              |
| 4                    | November 6, 2007     | 46              |
| 5                    | February 14, 2012    | 35              |
| 6                    | October 4, 2016      | 31              |

The County separately leases 38,870 square feet of adjacent land for playground, bus drop-off, and auxiliary parking areas for this site pursuant to Lease Agreement No. 00-269 with Celeste Lajoinie.

PSD needs to provide preschool services to the Apple Valley area the population continues to grow. With classroom restrictions, more space is needed to accommodate the growing need. RESD negotiated additional space with the landlord. As a result, in February 2021, PSD requested RESD negotiate proposed terms to expand the premises to Suite 109.

Amendment No. 7 to Lease Agreement No. 98-691 adds expansion space of approximately 642 square feet, increasing the total leased premises to approximately 11,026 square feet, for the 22-month period of June 15, 2021 through the remainder of the existing term ending on April 14, 2023 and adjusts the rental rate schedule

by an additional \$642 per month for the remainder of the existing term to reflect the expansion space. All other terms and conditions of the lease remain unchanged.

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

#### Summary of Lease Terms

|                     |  |
|---------------------|--|
| Lessor:             | Ashok Talwar and Kay Talwar, Co-Trustees of Talwar Trust dated June 29, 1989 (Ashok and Kay Talwar, Co-Trustees)   |
| Location:           | 13589 Navajo Road, Apple Valley  |
| Size:               | 11,026 square feet of existing and expansion classroom/office space  |
| Term:               | 22-months for the expansion space for the period of June 15, 2021 through the remainder of the existing term ending on April 14, 2023  |
| Options             | One five-year option remains   |
| Rent:               | Cost per sq. ft. per month: \$1.59* blended for existing classroom/office space and expansion space, modified gross<br>Monthly: \$17,568 for existing and expansion space<br>10 Months: \$175,680 for existing and expansion space<br>*Mid-range for comparable facilities in the Apple Valley area per the competitive set analysis on file with RESD |
| Annual Increases:   | None for the expansion space, 3% on the existing space   |
| Custodial:          | Provided by County   |
| Maintenance:        | Provided by Landlord   |
| Utilities:          | Interior electric and gas provided by County; all other utilities provided by Landlord   |
| 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 if PSD's funding is reduced by 10%  |
| Parking:            | Sufficient for County needs  |

#### **PROCUREMENT**

On August 11, 1998, (Item No. 17), the Board approved Lease Agreement No. 98-691, which was procured according to County Policy 12-02 - Leasing Privately Owned Real Property for County Use (Policy), using an alternative procedure process. The Policy allows the use of an alternative procedure to procure space when compliance with the requirements of a Formal Request for Proposals (RFP) 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. The expansion space, comprising of Suite 109, approximately 642 square feet, located at the existing facility best meets the requirements of PSD and would minimize disruption to services. RESD completed a competitive analysis of the market and found the rental rate for the expansion space to be competitive. Therefore, PSD and RESD request the Board approve an alternative procedure, as allowed in the Policy, to add the expansion space for the 22-month period of June 15, 2021 through the remainder of the existing term ending on April 14, 2023 without the use of a Formal RFP process.

#### **REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel and Adam Ebright, Deputy County Counsel, 387-5455) on May 19, 2021; Preschool Services Department (Phalos Haire, Director, 383-2005) on May 18, 2021; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on May 21, 2021; Finance (Paul Garcia, Administrative Analyst, 386-8392 and Carl Lofton, Administrative Analyst, 387-5404) on May 24, 2021; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on May 24, 2021.

(KB: 677-7961)