



San Bernardino County

Legislation Text

File #: 4605, Agenda Item #: 44

**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

SUBJECT

Revenue Lease Agreement with Peter H. Bouma, Trustee of the Peter Bouma Community Property Trust dated May 29, 2019, Dana Bouma, Trustee of the Dana Bouma Community Property Trust dated May 29, 2019, and Sam DeKruyf and Dot DeKruyf, Trustees of the DeKruyf Family Trust dated June 21, 1993 for County-owned Dairy Property in Ontario

RECOMMENDATION(S)

Approve a five-year revenue lease agreement with one two-year option to extend the term of the lease, commencing on the first day of the month following full execution, for a projected term for the period of August 1, 2021 through July 31, 2026, with Peter H. Bouma, Trustee of the Peter Bouma Community Property Trust dated May 29, 2019, and Dana Bouma, Trustee of the Dana Bouma Community Property Trust dated May 29, 2019 and Sam DeKruyf and Dot DeKruyf, Trustees of the DeKruyf Family Trust dated June 21, 1993 for approximately 39.26 acres of a County-owned dairy and associated improvements, including a 1,080 square foot single-family residence at 13905 Bon View Avenue in Ontario, for total revenue in the amount of \$348,000 (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 not result in the use of Discretionary General Funding (Net County Cost). The total revenue to be received during this five-year lease agreement is \$348,000. Revenue received from this lease will be deposited in the special income fund (7801142734) for properties acquired under the provisions of the California Wildlife, Coastal and Parkland Conservation Act of 1988 (Proposition 70). Annual revenue of \$69,600 will not increase over the five-year term. Annual revenue is as follows:

<u>Year</u>	<u>Annual Revenue</u>
August 1, 2021 - July 31, 2022	\$ 69,600
August 1, 2022 - July 31, 2023	\$ 69,600
August 1, 2023 - July 31, 2024	\$ 69,600
August 1, 2024 - July 31, 2025	\$ 69,600
August 1, 2025 - July 31, 2026	<u>\$ 69,600</u>

Total Revenue **\$348,000**

BACKGROUND INFORMATION

The recommended action will provide for a new revenue lease with Peter H. Bouma, Trustee of the Peter Bouma Community Property Trust dated May 29, 2019, Dana Bouma, Trustee of the Dana Bouma Community Property Trust dated May 29, 2019, and Sam DeKruyf and Dot DeKruyf, Trustees of the DeKruyf Family Trust dated June 21, 1993, for a term of five years, commencing on the first day of the month following full execution, for a projected term for the period of August 1, 2021 through July 31, 2026, with one two-year option to extend the term of the lease, for 39.26 acres of a County-owned dairy and associated improvements, including a 1,080 square foot single-family residence located at 13905 Bon View Avenue in Ontario (Bon View Dairy Property).

On January 22, 1992, utilizing Proposition 70 funds, the County purchased the Bon View Dairy Property from Jean Jacques for the sum of \$2,125,000. The Bon View Dairy Property was leased by the County to various parties from 1992 through December 2008. The Bonview Dairy Property remained vacant and unleased from December 2008 to March 2011 during which period the dairy was vandalized making it unsuitable for lease as a milking dairy.

On March 1, 2011 (Item No. 44), the Board of Supervisors (Board) approved a three-year lease, Agreement No. 11-87 (Original Lease), with one two-year option to extend the term of the lease for the Bon View Dairy Property with the DeKruyfs and the Boumas to operate a dairy feed commodities production facility and a facility for heifer (non-milking) cows. The term of the Original Lease was for the period of March 1, 2011 through February 28, 2014. In the 10 years since the Original Lease was approved, the Board has approved two amendments to add one five-year option extension, extend the term through July 31, 2021, adjust the rental payment and update to standard lease agreement language.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	November 15, 2011	51
2	July 8, 2014	48
3	July 26, 2016	39

At the end of the term of the Original Lease, Real Estate Services Department (RESO) advertised the Bon View Dairy Property and conducted a market survey of comparable leased property in the Chino/Ontario areas of San Bernardino County to determine the rent for the Bonview Dairy Property was reflective of current market conditions. Initial discussions with prospective tenants regarding the proposed terms of the agreement for this property and qualifications of those prospective tenants resulted in the DeKruyfs and the Boumas being selected for a lease of the Bonview Dairy Property. This new five-year lease agreement, with one two-year option to extend the term of the lease, provides for the use by the Boumas and the DeKruyfs of Bon View Dairy Property and associated improvements, commencing on the first day of the month following full execution of the lease, which is expected to be for the projected period of August 1, 2021 through July 31, 2026, and provides monthly revenue to the special income fund associated with dairy properties acquired under Proposition 70.

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

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Lessee:	Peter H. Bouma, Trustee of the Peter Bouma Community Property Trust dated May 29, 2019, Dana Bouma Trustee of the Dana Bouma Community Property Trust dated May 29, 2019 and Sam DeKruyf and Dot DeKruyf, Trustees of the DeKruyf dated June 21, 1993
Location:	13905 Bon View Avenue, Ontario
Size:	Approximately 39.26 acres County-owned dairy land, a 1,080 square foot single-family residence
Term:	Five years commencing upon the first month following full execution expected to commence for the period August 1, 2021 through July 31, 2026
Options:	One two-year option
Rent:	Revenue per month: \$5,800* Annual Revenue: \$69,600 *Mid-range for comparable facilities in the Ontario area per supporting lease comparables on file
Annual Increases:	None
Improvement Costs:	None
Maintenance:	Provided by Lessee except for residential septic system, residential roof, residential heating and air conditioning system, and those portions of the domestic and irrigation wells, pressure tank and piping that are located below the ground surface, unless the cause of the failure is due to negligence of the Lessee or their employees, contractors, or invitees and mowing of the residential lawn
Utilities:	Provided by Lessee
Security Deposit:	\$11,800
Insurance:	The Certificate of Liability Insurance, as required by the lease, is on file with RESD
Right to Terminate:	County has no right to terminate for the first two years of the initial term. During the remaining three years of the initial term and any extended term, the County has the right to terminate with 180-days' prior written notice

PROCUREMENT

Government Code Section 25536 (d) permits the Board of Supervisors to enter into leases of all or any party

of County-owned property devoted to agricultural purposes without complying with the provisions of Government Code Section 25520 et seq. relating to the sale or lease of County property with a four-fifths vote.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel, 387-5455) on July 1, 2021; Finance (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.

(KB: 677-7961)