



San Bernardino County

Legislation Text

File #: 4610, Agenda Item #: 46

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
GILBERT RAMOS, Director, Transitional Assistance Department
SHARON NEVINS, Director, Department of Aging and Adult Services

SUBJECT

Amendment No. 7 to Lease Agreement with Pioneer Partners, Inc. for Office Space for the Transitional Assistance Department and the Department of Aging and Adult Services in Yucca 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 two five-year options to extend the term of Lease Agreement No. 93-1116 with Pioneer Partners, Inc. (for an aggregate term of 42 years if both options to extend the term of the lease are exercised) for approximately 25,000 square feet of office space for the Transitional Assistance Department and the Department of Aging and Adult Services at 56357 Pima Trail in Yucca Valley.
2. Approve Amendment No. 7 to Lease Agreement No. 93-1116 with Pioneer Partners, Inc. to add two five-year options to extend the term of the lease for approximately 25,000 square feet of office space for the Transitional Assistance Department and the Department of Aging and Adult Services at 56357 Pima Trail in Yucca Valley at no cost.

(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 Discretionary General Funding (Net County Cost). There are no costs associated with this amendment to add two five-year options to extend the term of the lease.

BACKGROUND INFORMATION

The recommended action will add two five-year options to extend the term of Lease Agreement No. 93-1116 with Pioneer Partners, Inc. (landlord) for approximately 25,000 square feet of office space for the Transitional Assistance Department (TAD) and the Department of Aging and Adult Services (DAAS) because of the continuing need to provide services for their clients in the Yucca Valley area.

On November 23, 1993 (Item No. 29), the Board of Supervisors (Board) approved a 10-year lease agreement, No. 93-1116, for 15,000 square feet of office space at 56357 Pima Trail in Yucca Valley for use by TAD and DAAS. The original term of the lease was for the period of February 1, 1995 through January 31, 2005. In the 28 years since the lease was originally approved, the Board has approved six amendments to extend the term of the lease through July 31, 2025, provide for tenant improvements, increase the premises by 10,000 square feet for a total of 25,000 square feet, adjust the rental rate schedule, reflect a change in property ownership, and update standard lease agreement language.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	July 16, 1996	28
2	November 26, 1996	12
3	August 13, 2002	47
4	April 13, 2010	82
5	April 7, 2015	46
6	July 28, 2020	48

TAD and DAAS requested that the Real Estate Services Department (RESO) negotiate an amendment to Lease Agreement No. 93-1116 to add two five-year options to extend the term of the lease at the then market rent, but otherwise on the same terms and conditions. The options may be exercised, at the County's option, following the expiration of the existing term that expires on July 31, 2025, or during any holdover. There is an ongoing need for community support services in the Yucca Valley region and this location best meets the needs for TAD and DAAS so having options to extend the existing term of the lease to remain in this location would be beneficial. TAD and DAAS will return to the Board in the event they desire to exercise each of the options to extend the term of the lease. Amendment No. 7 to Lease Agreement, No. 93-1116 adds two five-year options to extend the existing term of the lease.

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:	Pioneer Partners, Inc. (Frank Heard, President)
Location:	56357 Pima Trail, Yucca Valley
Size:	25,000 square feet of office space
Term:	Five years that commenced August 1, 2020
Options:	Two five-year options to extend
Rent:	Cost per sq. ft. per month: \$1.93* base rent + \$0.24 amortized turn-key tenant improvements Monthly: \$54,209 Annual: \$650,509 *Low-range for comparable facilities in the Yucca Valley area per the competitive set analysis on file with RESO
Annual Increases:	3.5%, commencing August 1, 2022

Custodial:	Provided by Lessor
Maintenance:	Provided by Lessor
Utilities:	Provided by Lessor, except that County pays for electric costs that exceed an expense cap
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, subject to repayment of any unamortized tenant improvement cost
Parking:	Sufficient for County needs

PROCUREMENT

On November 23, 1993 (Item No. 29), the Board approved Lease Agreement No. 93-1116, which was procured according to County Policy 12-02 - Leasing Privately Owned Real Property for County Use (Policy 12-02), using a Formal Request for Proposals (RFP) process. 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.

Policy 12-02 also requires a thorough and detailed review by the County Administrative Office or designee to validate the need for and provide a competitive analysis of any lease with a term of more than 20 years. Adding the two five-year options to extend the term of the existing lease will provide for a potential aggregate term of 42 years.

RESD, acting in its approved capacity as the CAO designee to review proposed real property leases under Policy 12-02, completed an analysis of suitable properties in the market and found that this facility best meets the requirements of the department, minimizes disruption to the program activities, and avoids relocation costs. Having options to extend the existing term of the lease to remain in this location would be beneficial and will allow TAD and DAAS to continue to serve the residents in the Yucca Valley area. If the departments desire to exercise the extension options, RESD will complete a competitive analysis of the then current market rental rate when the departments return to the Board for approval to extend the term. RESD requests the Board's approval to add two five-year options to extend the term of the existing lease.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel, Adam Ebright, Deputy County Counsel, and Jacqueline Carey-Wilson, Deputy County Counsel, 387-5455) on June 30, 2021; Human Services (John Hallen, Administrative Analyst III, 387-0321) on June 28, 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.

(LB: 453-5227)