



# San Bernardino County

## Legislation Text

File #: 7028, Agenda Item #: 75

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

November 15, 2022

#### **FROM**

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

**JACQUELYN GREENE, Director, Preschool Services Department**

#### **SUBJECT**

Amendment to Lease Agreement with Anne S. Harriman, Trustee of the Anne S. Harriman Family Trust dated May 31, 2001, for Classroom Space, Office Space, and Playground Area in Rialto

#### **RECOMMENDATION(S)**

Approve Amendment No. 1 to Lease Agreement No. 17-274 with Anne S. Harriman, Trustee of the Anne S. Harriman Family Trust dated May 31, 2001, to extend the term of the lease three years for the period of December 1, 2022 through November 30, 2025, by exercising an existing extension option following a permitted month-to-month holdover from June 1, 2022 to November 30, 2022, adjust the rental rate schedule, provide for a fixed reimbursement of landlord's exterior electric costs, and update standard lease agreement language for approximately 7,628 square feet of classroom and office space and approximately 7,000 square feet of playground area located at 1360 West Foothill Boulevard in Rialto for the Preschool Services Department in the amount of \$647,976.

(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 additional Discretionary General Funding (Net County Cost) as the program is 86% federally funded and 14% state funded. The total cost of this three-year amendment, including the permitted month-to-month holdover period, is \$647,976. Lease payments will be made from the Real Estate Services Department (RESA) Rents budget (7810001000) and reimbursed from the Preschool Services Department (PSD) budget (5911732220). Other costs associated with this lease include certain maintenance, separately metered utilities for the premises and reimbursement of \$150 per month, which increases by 3% per year, for landlord's exterior electric costs for the property, and custodial costs, which will be paid from the PSD budget. Sufficient appropriation is included in the 2022-23 PSD and Rents budgets and will be included in future recommended budgets. Annual lease costs are as follows:

<b><u>Year</u></b>	<b><u>Annual Lease Cost</u></b>	<b><u>Estimate of Other Costs Associated With This Lease</u></b>
June 1, 2022 - November 30, 2022	\$ 87,780	\$ 41,530

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December 1, 2022 - November 30, 2023	\$181,236	\$ 86,152
December 1, 2023 - November 30, 2024	\$186,684	\$ 88,737
December 1, 2024 - November 30, 2025	<u>\$192,276</u>	<u>\$ 91,399</u>
<b>Total Cost</b>	<b>\$647,976</b>	<b>\$307,818</b>

**BACKGROUND INFORMATION**

The recommend action will amend an existing lease agreement with Anne S. Harriman, Trustee of the Anne S. Harriman Family Trust dated May 31, 2001, (Harriman) to extend the term of the lease three years for the period of December 1, 2022 through November 30, 2025, by exercising an existing extension option following a permitted month-to-month holdover from June 1, 2022 to November 30, 2022, adjust the rental rate schedule, provide for a fixed reimbursement of landlord's exterior electric costs for the property, and update standard lease agreement language for the use of approximately 7,628 square feet of classroom and office space and approximately 7,000 square feet of playground area located at 1360 West Foothill Boulevard in Rialto because of the continuing need to provide PSD services in the Rialto area.

PSD has occupied the preschool facility located at 1360 West Foothill Boulevard in Rialto since 1997 under the provisions of Lease Agreement No. 97-937, which was originally approved by the Board of Supervisors (Board) on November 18, 1997 (Item No. 14).

On May 23, 2017 (Item No. 102), the Board approved Lease Agreement, No. 17-274 with Harriman to replace Lease Agreement No. 97-937. The original term of Lease Agreement No. 17-274 was for the period of July 1, 2017 through May 31, 2022.

On June 23, 2022, PSD notified RESD of its desire to exercise the existing three-year option to extend the term of Lease Agreement No. 17-274 and requested that RESD process an amendment for the extension and negotiate the rental rate for the extended term. RESD conducted a market survey and determined that the lease rate at renewal was within the market rate and that incorporating standard lease language was appropriate.

During negotiations regarding the rental rate for the extension of Lease Agreement No. 17-274, the lease went into hold over status as of June 1, 2022. PSD continued to occupy the premises and abide by the provisions of the lease on a month-to-month basis. Amendment No. 1 to Lease Agreement No. 17-274 provides for PSD's continued use of approximately 7,628 square feet of classroom and office space and 7,000 square feet of playground area located at 1360 West Foothill Boulevard in Rialto for the period of December 1, 2022 through November 30, 2025, following a permitted holdover period from June 1, 2022 to November 30, 2022, adjusts the rental rate schedule, provides for a fixed reimbursement of landlord's exterior electric costs for the property, and updates standard lease agreement language. All other terms and conditions of Lease Agreement No. 17-274 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**

Lessor:	Anne S. Harriman Trustee of the Anne S. Harriman Family Trust dated May 31, 2001
Location:	1360 West Foothill Blvd, Rialto
Size:	Approximately 7,628 square feet of classroom and office space and 7,000 square feet of playground area

Term:	Three years commencing December 1, 2022
Options:	No options to extend the term remain
Rent:	Cost per square. foot. per month (classroom and office space): \$1.98* Monthly: \$15,103 Annual: \$181,236 *Mid-range for comparable facilities in the Rialto area per the competitive set analysis on file with RESD
Annual Increases:	3%
Improvement Costs:	None
Custodial:	To be provided by County
Maintenance:	To be provided by Lessor; except County shall provide maintenance within the interior of the Premises, monitoring of the fire alarm system, maintenance of filters, freon, and thermostat for the heating and ventilation system, maintenance of the playground area, and clearing sewer line clogs to the extent caused by County.
Utilities:	To be provided by County for those utilities separately metered for the premises and reimbursement of \$150 per month, which increases by 3% per year, for landlord's exterior electric costs for the property
Insurance:	The Certificate of Liability Insurance, as required by the lease, is on file with the Real Estate Services Department.
Right to Terminate:	County has the right to terminate with 150-days' notice provided federal or state funding to the program has been significantly reduced or eliminated.
Parking:	Sufficient for County needs

### **PROCUREMENT**

On May 23, 2017 (Item No. 102), the Board approved a five-year Lease Agreement, No. 17-274, with one three-year option to extend the term of the lease, using an alternate procedure RESD issued a Solicitation of Proposal (SOP), which was procured in accordance with County Policy 12-02- Procuring Privately Owned Real Property for County Use (Policy 12-02). The procurement process required by Policy 12-02 does not apply to amendments of existing agreements, provided the amendment does not exceed the maximum term (including options) of the lease.

### **REVIEW BY OTHERS**

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This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel, and Adam Ebright, Deputy County Counsel, 387-5455) on October 17, 2022; Preschool Services (Jacquelyn Greene, Director, 383-2078) on October 19, 2022; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on October 19, 2022; Finance (Penelope Chang, Administrative Analyst, 387-4886) on November 8, 2022; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-4376) on November 8, 2022.

(AR: 893-0002)