



San Bernardino County

Legislation Text

File #: 7038, Agenda Item #: 77

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 Mettl Investments, LLC for Classroom and Office Space and Playground Area in Chino

RECOMMENDATION(S)

Approve Amendment No. 2 to Lease Agreement No. 12-327 with Mettl Investments, LLC, by exercising an existing extension option to extend the term of the lease for two years for the period of December 1, 2022 through November 30, 2024, following a permitted month-to-month holdover from July 1, 2022 through November 30, 2022 and adjusting the rental rate schedule for 6,554 square feet of classroom and office space, and approximately 8,250 square feet of playground area at 5585 Riverside Drive in Chino for the Preschool Services Department in the amount of \$415,103.

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

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Provide for the Safety, Health and Social Service Needs of County Residents.
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). Preschool Services Department (PSD) lease costs are 86% federally funded and 14% state funded. The total cost of this two-year amendment is \$415,103. Lease payments will be made from the Real Estate Services Department (RESA) Rents budget (7810001000) and reimbursed from the PSD budget (5911422220). Other costs associated with this lease include custodial costs, utility costs, and parking lot and landscape maintenance, which will be paid from the PSD budget. Sufficient appropriations are included in the 2022-23 recommended Rents and PSD budgets and will be included in the future recommended budgets. Annual lease costs are as follows:

<u>Year</u>	<u>Annual Lease Cost</u>	<u>Estimate of Other Costs</u>
		<u>Associated With This Lease</u>
July 1, 2022 - November 30, 2022*	\$ 66,850	\$ 23,086
December 1, 2022 - November 30, 2023	\$ 169,880	\$ 57,069
December 1, 2023 - November 30, 2024	\$ 178,373	\$ 58,781

Total Cost	\$415,103**	\$138,936
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*Permitted holdover period

**Total included annual lease cost for permitted holdover period

BACKGROUND INFORMATION

The recommended action will amend an existing lease agreement with Mettl Investments, LLC (Mettl) by exercising an existing extension option, that will extend the term of the lease for two years, for the period of December 1, 2022 through November 30, 2024, following a permitted month-to-month holdover for the period of July 1, 2022 through November 30, 2022 and adjust the rental rate schedule for the use of 6,554 square feet of classroom and office space, and approximately 8,250 square feet of playground area at 5585 Riverside Drive in Chino, because of the continuing need to provide PSD services in the Chino area.

PSD has occupied the preschool facility located at 5585 Riverside Drive in Chino since 1993 under the provisions of leases with two previous owners. On June 5, 2012 (Item No. 67), the Board of Supervisors (Board) approved a five-year lease Agreement, No. 12-327, with one two-year option to extend the term of the lease with Mettl for approximately 6,554 square feet of classroom and office space and approximately 8,250 square feet of exterior playground area. The original term of the lease was for the period of May 1, 2012 through April 30, 2017. In the 10 years since the lease was originally approved, the Board has approved Amendment No. 1 (Item No. 78) dated June 13, 2017, to extend the term of the lease through June 30, 2022, adjust the rental rate schedule, and update standard lease agreement language.

PSD requested that RESD process an amendment to the lease to exercise the existing two-year option to extend the term of the lease for the period of December 1, 2022 through November 30, 2024, following a permitted month-to-month holdover for the period of July 1, 2022 through November 30, 2022, and adjust the rental rate schedule. RESD conducted a market survey of comparable properties in the Chino area and determined that the rate currently charged for this lease was within an acceptable market rate for specialized use properties of this type. During negotiations regarding the rental rate adjustment for the extension, the lease went into holdover status on July 1, 2022.

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:	Mettl Investments, LLC (Ruby H. Lai, Managing Member)
Location:	5585 Riverside Drive, Chino
Size:	Approximately 6,554 square feet of classroom and office space, and approximately 8,250 square feet of the playground area
Term:	Two years commencing December 1, 2022
Options:	None
Rent:	Cost per square feet. per month: \$2.16 modified gross for office space* *Mid-range for comparable facilities in the Chino area per supporting lease comparables on file. Monthly: \$14,156.64 Annual: \$169,880

Annual Increases:	5%
Improvement Costs:	None
Custodial:	Provided by County
Maintenance:	Provided by Lessor, except provided by County for parking lot and landscape
Utilities:	Provided by County
Insurance:	The Certificate of Liability Insurance, as required by the lease, is on file with RESD
Right to Terminate:	The County has the right to terminate with 90-days' notice
Parking:	Sufficient for County needs

PROCUREMENT

On June 5, 2012 (Item No. 67), the Board approved Lease Agreement No. 12-327, for a term of five years with one two-year extension option, which was procured in accordance with County Policy 12-02 - Procuring Privately Owned Real Property for County Use (Policy 12-02), using an alternative procedure. 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

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel, and Adam Ebright, Deputy County Counsel, 387-5455) on September 23, 2022; Preschool Services (Jacquelyn Greene, Director, 387-2005) on September 19, 2022; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on September 22, 2022; Finance (Paul Garcia, Administrative Analyst, 386-8392, and Penelope Chang, Administrative Analyst, 387-4886) on October 25, 2022; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-4376) on October 25, 2022.

(LD: 453-5349)