



San Bernardino County

Legislation Text

File #: 7319, Agenda Item #: 41

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

January 10, 2023

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
JACQUELYN GREENE, Director, Preschool Services Department**

SUBJECT

Amendment to Lease Agreement with Upland Unified School District for Classroom Space, Office Space, and Playground Area in Upland

RECOMMENDATION(S)

Approve Amendment No. 9 to Lease Agreement No. 00-802 with Upland Unified School District to extend the term of the lease two years for the period of February 1, 2023 through January 31, 2025, following a permitted month-to-month holdover from August 1, 2020 through January 31, 2023, and adjust the rental rate schedule for approximately 3,840 square feet of classroom and office space, 6,000 square feet of parking lot area, and 3,200 square feet of playground area located at 732 North 3rd Avenue in Upland for the Preschool Services Department in the amount of \$161,730.

(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) as the program is 86% federally funded and 14% state funded. The total cost of this two-year extension, including the permitted month-to-month holdover period, is \$161,730. Lease payments will be made from the Real Estate Services Department (RESA) Rents budget (7810001000) and reimbursed from the Preschool Services Department (PSD) budget (5911622220). Other costs associated with this lease include custodial, minor interior maintenance, routine maintenance of the grounds, landscaping, parking area, and playground, utility expenses, and telephone expenses, 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:

<u>Year</u>	<u>Annual Lease Cost</u>	<u>Estimate of Other Costs Associated With This Lease</u>
August 1, 2020 - January 31, 2023	\$ 89,850	\$43,176
February 1, 2023 - January 31, 2024	\$ 35,940	\$14,823
February 1, 2024 - January 31, 2025	\$ 35,940	\$15,268

Total Cost **\$161,730** **\$73,267**

BACKGROUND INFORMATION

The recommend action will amend an existing lease agreement with Upland Unified School District to extend the term of the lease for two years for the period of February 1, 2023 through January 31, 2025, following a permitted month-to-month holdover from August 1, 2020 through January 31, 2023, and adjust the rental rate schedule for the use of approximately 3,840 square feet of classroom and office space, 6,000 square feet of parking lot area, and 3,200 square feet of playground area located at 732 North 3rd Avenue in Upland because of the continuing need to provide PSD services in the Upland area.

PSD has occupied the preschool facility located at 732 North 3rd Avenue in Upland since 1997 under the provisions of Lease Agreement No. S98-014, which was originally approved by the Director of RESD and subsequently converted to Lease Agreement No. 00-802. In the 25 years since the lease was originally approved, RESD and the Board of Supervisors (Board) have approved eight amendments to extend the term of the lease through July 31, 2020, increase the parking lot area from 3,000 square feet to 6,000 square feet, and update standard lease agreement language.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	March 30, 1999	N/A
2	July 11, 2000	48
3	June 3, 2003	72
4	August 17, 2004	48
5	June 5, 2007	63
6	July 13, 2010	60
7	June 25, 2013	84
8	July 25, 2017	37

On October 3, 2022, PSD notified RESD of its desire to extend the term of Lease Agreement No. 00-802 and requested that RESD process Amendment No. 9 for the extension and negotiate the rental rate for the extended term of the lease. RESD conducted a market survey and determined that the lease rate at the time of renewal was below the market rate.

During negotiations regarding the rental rate for the extension of Lease Agreement No. 00-802, the lease went into hold over status as of August 1, 2020. PSD continued to occupy the premises and abide by the provisions of the lease on a month-to-month basis while it was decided whether to remain in this location. Amendment No. 9 to Lease Agreement No. 00-802 provides for PSD’s continued use of approximately 3,840 square feet of classroom and office space, 6,000 square feet of parking lot area, and 3,200 square feet of playground area located at 732 North 3rd Avenue in Upland for the period of February 1, 2023 through January 31, 2025, following a permitted holdover period from August 1, 2020 through January 31, 2023. All other terms and conditions of Lease Agreement No. 00-802 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: Upland Unified School District (Terry Cornick, Assistant Superintendent of Business)

Location: 732 North 3rd Avenue, Upland

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Size: 3,840 square feet of classroom/office space, 6,000 square feet of parking lot area and 3,200 square feet of playground area

Term: Two years commencing February 1, 2023

Options: Two three-year extension options remain

Rent: Cost per square foot per month (classroom and office space):
\$.78*
Monthly: \$2,995
Annual: \$35,940
*Below-range for comparable facilities in the Upland area per supporting lease comparable on file with RESD

Annual Increases: None

Improvement Costs: None

Custodial: To be provided by County

Maintenance: To be provided by Lessor except County provides minor interior maintenance, routine maintenance of the grounds, landscaping, parking area, and playground

Utilities: County pays 10% of all utility costs

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

Parking: Sufficient for County needs

PROCUREMENT

The procurement process required by County Policy 12-02 - Leasing Privately-Owned Real Property for County Use does not apply to leases of real property owned by a federal agency, the State, a city, a county, a school district, special district, or other public entity.

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 November 14, 2022; Preschool Services (Jacquelyn Greene, Director, 383-2078) on December 1, 2022; Purchasing (Bruce Cole,

Supervising Buyer, 387-2148) on December 7, 2022; Finance (Paul Garcia, Administrative Analyst, 385-8392, and Penelope Chang, Administrative Analyst, 387-4886) on December 12, 2022; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on December 15, 2022.

(AR: 893-0002)