



San Bernardino County

Legislation Text

File #: 7403, Agenda Item #: 47

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

January 24, 2023

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
BRADLEY GATES, Director, Workforce Development Department**

SUBJECT

Amendment to Lease Agreement with Bear Valley Medical and Business Center, LLC for Office Space in Victorville

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 extend the term of Lease Agreement No. 12-169 with Bear Valley Medical and Business Center, LLC for five years for the period of February 1, 2023 through January 31, 2028, following a permitted holdover for the period of October 1, 2022 through January 31, 2023, for approximately 10,346 square feet of office space located at 17310 Bear Valley Road, Suites B-102, B104-109, in Victorville for the Workforce Development Department.
2. Approve Amendment No. 4 to Lease Agreement No. 12-169 with Bear Valley Medical and Business Center, LLC to extend the term of the lease for five years for the period of February 1, 2023 through January 31, 2028, following a permitted holdover for the period of October 1, 2022 through January 31, 2023, adjust the rental rate schedule, and update standard lease agreement language for approximately 10,346 square feet of office space located at 17310 Bear Valley Road, Suites B-102, B-104-109, in Victorville for the Workforce Development Department in the amount of \$1,215,856.

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

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

**Create, Maintain and Grow Jobs and Economic Value in the County.
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 cost of this five-year amendment is \$1,215,856. Lease payments will be made from the Real Estate Services Department (RESD) Rents budget (7810001000) and reimbursed from the Workforce Development Department (WDD) budget (5715972260). Sufficient appropriation is included in the 2022-23 WDD budget and requested for the Rents budget through Mid-Year adjustments. Future fiscal year appropriation for both Rents and WDD budgets will be included in future recommended budgets. Annual lease costs are as follows:

<u>Period</u>	<u>Lease Cost</u>
October 1, 2022 - January 31, 2023	\$ 69,940
February 1, 2023 - January 31, 2024	\$ 216,024
February 1, 2024 - January 31, 2025	\$ 222,228
February 1, 2025 - January 31, 2026	\$ 228,444
February 1, 2026 - January 31, 2027	\$ 235,884
February 1, 2027 - January 31, 2028	\$ 243,336
Total Cost	\$1,215,856

BACKGROUND INFORMATION

The recommended action will: (i) approve RESD’s use of an alternative procedure in lieu of issuing a formal Request for Proposal (RFP) as allowed under San Bernardino County (County) Policy 12-02 - Leasing Privately Owned Real Property for County Use, to extend the term of Lease Agreement No. 12-169 (Lease) with Bear Valley Medical and Business Center, LLC (Bear) for five years for the period of October 1, 2022 through January 31, 2028, and (ii) extend the term of the Lease with Bear for five years for the period of February 1, 2023 through January 31, 2028, following a permitted four-month holdover for the period of October 1, 2022 through January 31, 2023, adjust the rental rate schedule, and update standard lease agreement language for approximately 10,346 square feet of office space located at 17310 Bear Valley Road, Suites B102, B104-109, in Victorville for WDD because of the continuing need to provide employment services in the Victorville area.

On March 13, 2012 (Item No. 45), the Board of Supervisors (Board) approved a five-year Lease with Bear, with one five-year option to extend the term of the Lease, for 10,346 square feet of office space for WDD located at 17310 Bear Valley Road, Suites B102, B104-109, in Victorville. The original term of the Lease was for the period of July 1, 2012 through June 30, 2017. In the 10 years since the Lease was originally approved, the Board has approved three amendments to change the commencement date, change the critical completion date, reflect a change in ownership, extend the term of the Lease through September 30, 2022, adjust the rental rate schedule, and update standard lease agreement language.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	December 4, 2012	23
2	July 12, 2016	40
3	June 13, 2017	75

With a continuing need to provide employment services in the Victorville area, WDD requested RESD to negotiate an extension to the Lease. RESD completed a market survey of the Victorville area and determined that the proposed rate was consistent with the rate for comparable properties. During negotiations for the extension of the Lease, on October 1, 2022, the Lease expired and went into holdover. The County has continued to remain on the premises and abide by the terms and provisions of the Lease. Amendment No. 4 to the Lease extends the term five years for the period of February 1, 2023 through January 31, 2028, following a permitted holdover for the period of October 1, 2022 through January 31, 2023, revises the rental rate schedule, and updates standard lease agreement language. All other terms and provisions of the Lease 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: Bear Valley Medical and Business Center, LLC (Donald P. Brown, Member)

Location: 17310 Bear Valley Road, Suites B-102, B104-109, Victorville

Size: Approximately 10,346 square feet of office space

Term: Five years commencing February 1, 2023

Options: None

Rent: Cost per square foot per month: \$1.74 per square foot
Monthly: \$18,002*
Annual: \$216,024
*Mid-range for comparable facilities in the Victorville area per the competitive set analysis on file with RESD

Annual Increases: 3%

Improvement Costs: None

Custodial: Provided by Lessor

Maintenance: Provided by Lessor

Utilities: Provided by Lessor

Insurance: The Certificate of Liability Insurance, as required by the lease, is on file with the RESD

Right to Terminate: County has the right to terminate with 90-days' notice

Parking: Sufficient for County needs

PROCUREMENT

On March 13, 2012 (Item No. 45), the Board approved the Lease, which was procured according to County Policy No 12-02, Leasing Privately Owned Real Property for County Use (Policy 12-02), using a Solicitation of Proposal Process. Policy 12-02 also provides that the Board may approve the use of an alternative procedure in lieu of a Formal Request for Proposal (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.

RESD, acting in its capacity as the County Administrative Office designee to review proposed real property leases under Policy 12-02, completed a competitive analysis of the Victorville area and found the negotiated rental rate is competitive. The premises best meets the requirements of WDD, and WDD will not incur disruptions of services provided through a move to a new location.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel, and Sophie A. Akins, Deputy County Counsel, 387-5455) on November 14, 2022; Workforce Development (Fred Burks,

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Administrative Supervisor II, 387-9845) on November 17, 2022; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on November 17, 2022; Finance (Carl Lofton, Administrative Analyst, 387-5404 and Penelope Chang, Administrative Analyst, 387-4886) on December 28, 2022; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on January 5, 2023.

(KB: 677-7961)