



San Bernardino County

Legislation Text

File #: 7407, Agenda Item #: 60

**REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS
OF SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT
AND RECORD OF ACTION**

January 24, 2023

FROM

**DAN MUNSEY, Fire Chief/Fire Warden, San Bernardino Fire Protection District
TERRY W. THOMPSON, Director, Real Estate Services Department**

SUBJECT

Amendment to Lease Agreement with Havasu Lake Firebelles, Inc. for Fire Station No. 18 in Havasu Lake

RECOMMENDATION(S)

Acting as the governing body of the San Bernardino County Fire Protection District:

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. 02-08 with Havasu Lake Firebelles, Inc. for five years by adding four additional years to the existing one-year extension option (for an aggregate term of 25 years), and add one three-year option to extend the term of the lease (for an aggregate term of 28 years, if exercised), for 2,300 square feet of office space, apparatus bays, and storage space for Fire Station No. 18 for the San Bernardino County Fire Protection District at 148808 Havasu Lake Road in Havasu Lake.
2. Approve Amendment No. 7 to Lease Agreement No. 02-08 with Havasu Lake Firebelles, Inc., to extend the term of the lease five years for the period of February 1, 2023 through January 31, 2028, following a permitted eight-month holdover for the period of June 1, 2022 through January 31, 2023, due to the exercise of an existing one-year extension option and an agreed extension of four additional years, adjust the rental rate schedule, and add one three-year option to extend the term of the lease for 2,300 square feet of office space, apparatus bays, and storage space for Fire Station No. 18 located at 148808 Havasu Lake Road in Havasu Lake, in the amount of \$79,143.

(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 require Discretionary General Funding (Net County Cost). The total cost of this five-year amendment, including the permitted holdover at the current lease rate of \$1,075 per month for eight months, is \$79,143. Lease payments will be made directly from the San Bernardino County Fire Protection District (District) budget (6100182454). Other costs associated with this lease include utility expenses, which will be paid from the District budget. Sufficient appropriation is included in the 2022-23 District budget and will be included in future recommended budgets. Annual lease costs are as follows:

<u>Period</u>	<u>Annual Lease Cost</u>	<u>Estimate of Other Costs Associated With This Lease</u>
June 1, 2022 - January 31, 2023	\$ 8,600	\$ 3,733
February 1, 2023 - January 31, 2024	\$13,287	\$ 6,922
February 1, 2024 - January 31, 2025	\$13,686	\$7,130
February 1, 2025 - January 31, 2026	\$14,096	\$7,344
February 1, 2026 - January 31, 2027	\$14,519	\$7,564
February 1, 2027 - January 31, 2028	<u>\$14,955</u>	<u>\$7,791</u>
Total Cost	\$79,143	\$40,484

BACKGROUND INFORMATION

Extension of the current lease will allow the District to continue to provide the Havasu Lake community with fire protection services, which is consistent with District goals and objectives. The Havasu Lake Firebelles, Inc. exists exclusively for the support of the District and built this facility specifically for use as a fire station. The facility comprises of approximately 1,000 square feet of office space and approximately 1,300 square feet of apparatus bays and storage space. This location meets the needs of the District and moving expenses and improvement costs will not be incurred if the District remains at this location.

On January 8, 2002 (Item No. 46), the Board of Directors (Board) approved five-year Lease Agreement No. 02-08, with two, two-year options to extend the term of the lease for 1,000 square feet of office space located at 148808 Havasu Lake Road in Havasu Lake. The original term of the lease was for the period of July 1, 2001 through June 30, 2006. In the 20 years since the lease was originally approved, the Board has approved six amendments to extend the term of the lease through May 31, 2022, and expand the premises leased to 2,300 square feet.

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Item No.</u>
1	July 25, 2006	28
2	August 5, 2008	102
3	June 22, 2010	132
4	May 22, 2012	78
5	January 12, 2016	48
6	May 21, 2019	131

The District requested that the Real Estate Services Department (RESD) prepare an amendment to extend the term of the lease for a total of five years for the period of February 1, 2023 through January 31, 2028, following a permitted eight-month holdover attributed to protracted negotiations for the period of June 1, 2022 through January 31, 2023, due to the District's exercise of an existing one-year extension option and an agreed extension of four additional years. The amendment also adjusts the rental rate schedule and adds one three-year option to extend the term of the lease. All other terms and conditions 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: Havasu Lake Firebelles, Inc. (Marie Vaught, President)

Location: 148808 Havasu Lake Road, Havasu Lake

Size: 2,300 square feet of office space, apparatus bays, and storage space

Term: Five years commencing February 1, 2023

Options: One three-year option to extend

<u>Cost per square foot per Monthly</u>		<u>Annual</u>
(old): \$0.47	\$1,075	\$12,900
(new): \$0.48*	\$1,107	\$13,284

Rent: *Low-range for comparable facilities in the Havasu area as supported by a RESD

Annual Increases: 3%

Improvement Costs: None

Custodial: Provided by Lessor

Maintenance: Provided by Lessor

Utilities: Water, sewer, trash and fire alarm service provided by Lessor; electricity and gas provided by the District

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

Right to Terminate: Either party may terminate the lease with 30-days' notice

Parking: Sufficient for District needs

PROCUREMENT

On January 8, 2002 (Item No. 46), the Board approved Lease Agreement No. 02-08, which was procured according to County Policy 12-02 - Leasing Privately Owned Real Property for County Use (Policy) using a Solicitation of Proposals process. The Policy is applicable to the District pursuant to the Board's adoption of this Policy on December 17, 2019 (Item No. 73). The procurement required by the Policy does not apply to the exercise of the existing one-year extension option but does apply to the agreed extension of four additional years and the addition of one three-year extension option.

The Policy provides that the Board may approve the use of an alternative procedure to the use 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 District or when the use of an alternative procedure would otherwise be in the best interest of the District. The Policy also requires a thorough and detailed review by the County Administrative Office (CAO) or designee to validate the need for and provide a competitive analysis of any lease with a term of more than 20 years. Exercising the existing one-year extension option and adding the agreed extension for four additional years will provide for an aggregate term of 25 years and adding one three-year option to extend the term of the existing lease will provide for an aggregate term of 28 years if the option is exercised.

RESD, acting in its approved capacity as the CAO designee to review proposed real property leases under the Policy, completed a competitive analysis of suitable properties in the area and found the current rental rate is competitive and this facility best meets the requirements of the District as it was built specifically for use as a fire station. Accordingly, RESD and the District request that the Board approve the agreed extension of an additional four years and the addition of one three-year option to extend the term of the existing lease.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel, and Scott Runyan, Deputy County Counsel, 387-5455) on December 21, 2022; San Bernardino County Fire Protection District (Nidia Vargas, Administrative Supervisor, 387-6134) on January 1, 2023; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on December 27, 2022; Finance (Tom Forster, Administrative Analyst, 387-4635, 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 4, 2023.

(JAG: 677-8210)