



San Bernardino County

Legislation Text

File #: 7915, Agenda Item #: 47

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

May 9, 2023

FROM

**TERRY W. THOMPSON, Director, Real Estate Services Department
DANIEL MUNOZ, Deputy Executive Officer, Office of Emergency Services**

SUBJECT

Amendment to Lease Agreement with GWL Direct 1925 Grove LLC, a Delaware Limited Liability Company, for Office and Warehouse Space in Ontario

RECOMMENDATION(S)

Approve Amendment No. 1 to Lease Agreement No. 22-584 with GWL Direct 1925 Grove LLC, a Delaware limited liability company, to reflect a change of property ownership and the landlord's assignment of the lease from PSIP EBS Francis LLC, a Delaware limited liability company, to GWL Direct 1925 Grove LLC, a Delaware limited liability company, and confirm the commencement and expiration dates of the initial term of the lease to be September 1, 2022 through October 31, 2027, based on the landlord's completion of certain tenant improvements, for approximately 6.075 acres of land and a building thereon of approximately 120,651 square feet of office and warehouse space located at 1925 South Grove Avenue in Ontario for the Office of Emergency Services for no additional cost.

(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). There is no cost associated with this amendment to reflect a property ownership change, the landlord's assignment of the lease, and to confirm the commencement and expiration dates of the initial term of the lease based on the landlord's completion of certain tenant improvements.

BACKGROUND INFORMATION

The recommended action will amend Lease Agreement No. 22-584 to reflect a change in property ownership and landlord's assignment of the lease from PSIP EBS Francis LLC, a Delaware limited liability company (PSIP), to GWL Direct 1925 Grove LLC, a Delaware limited liability company (GWL), for approximately 6.075 acres of land and a building thereon of approximately 120,651 square feet of office and warehouse space located at 1925 South Grove Avenue in Ontario (Property), and confirm the commencement and expiration dates of the initial term of the lease based on the landlord's completion of certain tenant improvements.

On June 28, 2022 (Item No. 81), the Board of Supervisors (Board) approved Lease Agreement No. 22-584

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between PSIP and San Bernardino County (County) for a term of five years and two months for approximately 6.075 acres of land and a building thereon of approximately 120,651 square feet of office and warehouse space located at the Property for the Office of Emergency Services (OES), in the amount of \$12,824,768 for base rent and an estimated amount of \$2,019,698 for operating expenses for a total minimum amount of \$14,844,466. The original term of the lease was for the period of July 1, 2022 through August 31, 2027, subject to landlord's completion of certain tenant improvements. The improvements were completed by the landlord on September 1, 2022, and the recommended amendment confirms the commencement date of September 1, 2022, and the expiration date of October 31, 2027. OES leased this office warehouse space for additional storage and to prepare emergency response services for the community. The warehouse space stores emergency response and support equipment that is activated during times of emergencies.

Amendment No. 1 to Lease Agreement No. 22-584 reflects the change of property ownership and the landlord's assignment of the lease on November 4, 2022, from PSIP to GWL, and confirms the commencement and expiration dates of the initial term of the lease based on the landlord's completion of certain tenant improvements.

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:	GWL Direct 1925 Grove LLC, a Delaware limited liability company (B. Jeff Knowles, Authorized Signatory)
Location:	1925 South Grove Avenue, Ontario, CA 91761
Size:	Approximately 6.075 acres of land and a building thereon of approximately 120,651 square feet
Term:	Five years and two months, which commenced as of September 1, 2022
Options:	None
Annual Increases:	4%
Prepaid Rent & Security Deposit:	Prepaid rent of \$229,237 (to be applied to the first month's rent) and security deposit of \$469,334 are each due upon lease execution
Improvement Costs:	Certain landlord improvements to be provided by Lessor; Lessee will receive an allowance of \$361,953 for tenant improvements, which must be fully disbursed within nine months of the commencement date or else it is forfeited, and a supplemental allowance of \$603,255 (\$5 per square foot), which, if needed, will be amortized over the term of the lease at 8% per annum interest and payable along with monthly rent
Custodial:	Provided by Lessee

Maintenance: Certain maintenance provided by Lessor with the cost reimbursed by Lessee through operating expense payments; certain maintenance provided directly by Lessee at its sole cost

Utilities: Provided by Lessee

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

Right to Terminate: No right to terminate for convenience or for landlord default during the five-year and two-month term

Parking: Exclusive use of parking areas at premises, adequate for Lessee use

PROCUREMENT

Not applicable to property ownership changes and landlord's assignment of the lease.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel, and Miles Kowalski, Deputy County Counsel, 387-5455) on March 8, 2023; Office of Emergency Services (Daniel Munoz, Deputy Executive Officer, 388-5807) on March 31, 2023; Finance (Carl Lofton, Administrative Analyst, and Garrett Baker, Administrative Analyst, 387-5423) on April 24, 2023; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-4376) on April 24, 2023.

(DM: 677-8388)