

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

May 12, 2009

**FROM: DAVID H. SLAUGHTER, Director  
Real Estate Services Department**

**NANCY SWANSON, Director  
Transitional Assistance Department**

**SUBJECT: LEASE AMENDMENT WITH SUN VALLEY PARTNERS, INC.**

**RECOMMENDATION(S)**

Approve Amendment No. 2 to Lease Agreement No. 00-824 with Sun Valley Partners, Inc. to extend the term through August 31, 2013 for 4,704 square feet of office space in Twentynine Palms for the Transitional Assistance Department in the amount of \$405,020.

(Affected Districts: First)

(Presenter: David H. Slaughter, Director, 387-7813)

KB: 387-8155

**BACKGROUND INFORMATION**

On September 17, 2001, the Board of Supervisors (Board) approved a seven-year lease agreement, No. 00-824, with two five-year options to extend for 4,704 square feet of build-to-suit office space at 73629 Sun Valley Drive in Twentynine Palms. The original term of the lease was from May 1, 2001 through April 30, 2008. In the eight years since the lease was originally approved, the Board has approved one amendment, which is summarized below:

<u>Amendment No.</u>	<u>Approval Date</u>	<u>Action</u>
1	Sept. 17, 2001	<ul style="list-style-type: none"><li>• Changed the lease commencement and termination dates from May 1, 2001 to September 1, 2001 and April 30, 2008 to August 31, 2008</li><li>• Changed the construction completion date from June 1, 2001 to October 1, 2001</li></ul>

The Transitional Assistance Department (TAD) requested the Real Estate Services Department (RESD) exercise the first of two five-year options to extend the term through August 31, 2013. The lease went into holdover due to protracted negotiations with the landlord regarding carpet, paint, flag pole installation costs and rent increases. RESD secured a five-year extension to the

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cc: RESD-Slaughter  
TAD-Swanson  
County Counsel-Green  
HSG-Hallen  
CAO-Brown  
File -  
jll 05/21/2009

**ITEM 026**

Record of Action of the Board of Supervisors

**CONTINUED TO TUES., MAY 19, 2009**

**COUNTY OF SAN BERNARDINO**

**Board of Supervisors**

MOTION	<u>AYE</u>	<u>SECOND</u>	<u>AYE</u>	<u>AYE</u>	<u>MOVE</u>
	1	2	3	4	5

**DENA M. SMITH, CLERK OF THE BOARD**

**BY \_\_\_\_\_**

**DATED: May 12, 2009**

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current term and, while the commencement date of the extended term is retroactive to September 1, 2008, the new lease rate is effective April 1, 2009.

Summary of Lease Terms

Lessor: Sun Valley Partners, Inc.  
(Ken Morrision, Frank Heard, Partners)

Location: 73629 Sun Valley Drive, Twentynine Palms

Size: 4,704 square feet of office space

Term: Five years commencing, and retroactive to, September 1, 2008; rent increase effective April 1, 2009.

Options: One five-year option remains

		<u>Cost per sq. ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
Rent:	(old)	\$1.61	\$7,570	\$90,840
	(new)	\$1.72*	\$8,090	\$97,080

\*Mid-range for the Twentynine Palms area

Annual increases: 3.5%

Improvement costs: None

Custodial: Provided by Lessor

Maintenance: Provided by Lessor

Utilities: Provided by Lessor

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

Parking: 35 spaces including handicapped parking; sufficient for County needs

**FINANCIAL IMPACT**

The total cost of this five-year amendment is \$405,020. The total cost in 2008-09 is \$92,400 (\$7,570 per month x nine months and \$8,090 per month x three months). Payments will be made from the Rents budget (AAA RNT) and reimbursed from the Human Services Group (HSG) Administrative Claim budget (AAA DPA). The HSG Administrative Claim budget is 90% federal and state funded and 10% local cost funded. Sufficient appropriation is available in both the Rents and HSG Administrative Claim budgets.

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Annual lease costs are as follows:

<u>Year</u>	<u>Annual lease cost</u>
Sept. 1, 2008 to March 31, 2009	\$ 52,990
April 1, 2009 to Aug. 31, 2010	\$ 40,450
Sept. 1, 2010 to Aug. 31, 2011	\$100,476
Sept. 1, 2011 to Aug. 31, 2012	\$103,860
Sept. 1, 2012 to Aug. 31, 2013	\$107,244

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Alan L. Green, Deputy County Counsel, 387-5288) on March 6, 2009; HSG (John Hallen, Administrative Analyst, 387-0208) on April 2, 2009; and the County Administrative Office (Jessica Brown, Administrative Analyst, 387-5414) on April 29, 2009.