

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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**DATE:** AUGUST 9, 2017   
**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer  
SAMUEL MARTINEZ, Assistant Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT:** Agenda Item #8: Review and Approval of Amended Lease for LAFCO  
Office Space at San Bernardino Santa Fe Depot 1170 West 3<sup>rd</sup> Street, Unit  
150, San Bernardino

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## **RECOMMENDATION:**

Staff recommends that the Commission approve the First Amendment to Lease Agreement Contract No. 16-1001429 and authorize the Commission Chair and Legal Counsel to sign.

## **BACKGROUND:**

At the July 2016 hearing, the Commission approved the lease agreement with the joint powers authority known as the San Bernardino County Transportation Authority (SBCTA) for occupancy of the former Harvey House premises at 1170 West 3<sup>rd</sup> Street. During the Commission's Budget review for Fiscal Year 2017-18, staff identified that changes to the lease would be needed based upon the renovations and other issues arising during the construction process.

The renovations were completed the first part of July with staff taking possession of the premises on July 24<sup>th</sup>. The furnishings were delivered and installed on July 24<sup>th</sup> and 25<sup>th</sup>. Actual occupancy of the building began on July 26<sup>th</sup>, and while there are still some residual issues requiring correction staff is now relocated. The changes reflected in the Lease Amendment are:

1. The square footage of the space occupied by LAFCO has been corrected. Originally the lease identified 3,531 square feet; however, the actual square footage of the space occupied pursuant to the construction drawings is 2,970 square feet. SBCTA has agreed to the change which has reduced the lease amount and the common

area monthly operating expenses. However, it needs to be noted that there will be a “true up” payment at the end of the Fiscal Year for the common area expenses, the cost could be more or less in sum.

2. In addition, the renovation costs were higher than originally anticipated, but due to the historic nature of the building, this was not unexpected. LAFCO staff has worked with SBCTA staff to develop a five-year amortization schedule for the additional \$38,000 in renovations attributable to LAFCO that will allow for full payment within the first five-years of the lease. The two additional five-year lease terms will be without the renovation costs.

The chart which follows shows the financial effects of the changes

<b>EXPENSE ITEM</b>	<b>ORIGINAL LEASE</b>	<b>AMENDED LEASE</b>
Size Modification to lease cost	\$3,337	\$2,822
Common Area Operating Expense	\$2,990	\$2,198
Amortization of Renovation Costs over a Five-Year Period	\$2,167	\$2,816
<b>TOTAL MONTHLY</b>	<b>\$8,494</b>	<b>\$7,836</b>

The difference (\$658) will go towards the costs of electricity and janitorial services.

**CONCLUSION:**

Staff is recommending that the Commission approve the First Amendment to Lease and authorize the Commission Chair and Legal Counsel to sign. LAFCO staff will be happy to answer any questions on this item prior to or at the hearing.

KRM/

Attachments:

1. First Amendment to Lease Contract No. 1001429
2. Contract No. 16-1001429