

FORM APPROVED ANIMAL SERVICES

FORM APPROVED COUNTY COUNSEL

Dept Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

DATE: _____
DATE: _____

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

168



SUBMITTAL DATE:
August 17, 2009

FROM: Economic Development Agency

SUBJECT: Second Amendment To Lease – Community Health Agency, Riverside

RECOMMENDED MOTION: That the Board of Supervisors approve the attached second amendment to lease and authorize the Chairman of the Board to execute same on behalf of the County.

BACKGROUND: (Commences on Page 2)

Robert Field, Director
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$133,104	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$133,104	Budget Adjustment:	No
	Annual Net County Cost:	\$ -0-	For Fiscal Year:	09/10

SOURCE OF FUNDS: 100% County General Fund – Community Health Agency Funds.	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE
BY:
Jennifer L. Sargent

County Executive Office Signature

Prev. Agn. Ref.: 2/24/04 3.11 | District: 1 | Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.19

BACKGROUND:

In 2004, the Board of Supervisors approved the lease of 12,611 square feet of space at 6370 Magnolia Avenue, Suite 200, Riverside, for Community Health Agency (CHA). Due to the current economic environment, CHA is currently in the process of relocating its HIV and AIDS Programs to an existing leased facility located at 3900 Sherman Drive, Riverside. CHA's desire is to reduce the square footage at 6370 Magnolia Avenue, Suite 200, Riverside. The only CHA Division which will remain at this facility will be the Department of Animal Services (DAS). At the termination of the lease extension DAS will relocate to the new facility currently under construction on the corner of Van Buren and Clay in Jurupa.

Therefore, the Economic Development Agency (EDA), Real Estate Division, has renegotiated a (1) one year lease extension with a right to terminate after the eighth month. The rental rate has been reduced by 1% and 200 square feet of space for the computer room has been added at no additional charge. These newly negotiated terms consist of a reduced square footage and lower rental rate, and additional rent free space which result in a substantial cost savings to the county of \$177,576.36 per year for the department.

Lessor: DG&D California Properties

Premises Location: 6370 Magnolia Avenue, Suite 200

Size: Approximately 5,250 square feet

Term: One (1) year, July 1, 2009 to June 30, 2010

Rent:	<u>Current</u>	<u>New</u>
	\$ 1.94 per square foot	\$ 1.92 per square foot
	\$ 24,494.03 per month	\$ 10,080.00 per month
	\$293,928.36 per year	\$120,960.00 per year
	Savings per square foot:	1% reduction
	Savings per month:	\$ 14,414.03
	Savings per year (free rent)	\$ 4,608.00
	Savings per lease term:	\$177,576.36

Rent Adjustments: None

Utilities: County pays phone, lessor pays all other services.

Tenant Improvements: None

Maintenance: Provided by lessor

Custodial: Provided by lessor

(Continued)

BACKGROUND:

Market Data:	6848 Magnolia Avenue, Riverside, CA 92506	\$1.92 psf
	3737 Main Street, Riverside, CA 92501	\$2.34 psf
	3610 Central Avenue, Riverside, CA 92506	\$1.93 psf

The attached second amendment to lease has been reviewed and approved by county counsel as to legal form.

FINANCIAL DATA:

This lease rate and square footage reduction combined with the free rent saves CHA \$177,576.36 during the extended lease term. All associated costs for this second amendment to lease will be fully funded through CHA. CHA has budgeted these costs in FY FY2009/10.

While EDA will front the costs for this amendment with the property owner, CHA will reimburse EDA for all associated lease costs. No additional net county costs will be incurred as a result of this second amendment to lease.

Exhibit A

Community Health Agency Lease Cost Analysis for FY 2009/10 6370 Magnolia Avenue, Suite 200, Riverside, California

Current Square Feet Occupied:

Office: 5,250 SQFT

Cost per Square Foot: \$ 1.92

Lease Cost per Month (July 1, 2009 - June 30, 2010)

\$ 10,080

Total Estimated Lease Cost for FY 2009/10

\$ 120,960

Estimated Utility Costs:

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs (July 1, 2009 - June 30, 2010)

\$ 7,560

Total Estimated Utility Cost for FY 2009/10

\$ 7,560

Tenant Improvement Costs for Expansion Space:

\$

-

RCIT Improvements:

\$

-

EDA Lease Management Fee (Based @ 3.79%)

\$

4,584

Total Estimated Lease Cost FY 2009/10

\$

133,104

1 SECOND AMENDMENT TO LEASE
2 (COMMUNITY HEALTH AGENCY
3 6370 Magnolia Avenue, Suite 200, Riverside, California)

4 This Second Amendment to Community Health Agency Office Lease ("Second
5 Amendment") is made as of _____, 2009, by and between the COUNTY
6 OF RIVERSIDE, a political subdivision of the State of California ("County"), and DG&D
7 CALIFORNIA PROPERTIES, LLC, a California limited liability company ("Lessor").

8 **1. Recitals.**

9 a. DG&D CALIFORNIA PROPERTIES, LLC ("Lessor") and COUNTY OF
10 RIVERSIDE, ("County") entered into that certain Community Health Agency Lease dated
11 February 24, 2004 (the "Original Lease"), pursuant to which County leased twelve thousand
12 six hundred eleven (12,611) square feet of office space at 6370 Magnolia Avenue, Suite 200
13 Riverside, California (the "Building"), as more particularly shown on Exhibit "A", attached
14 hereto and made a part of hereof.

15 b. The original Lease has been amended by:

16 i. That certain First Amendment of DG&D California Properties, LLC
17 Lease dated April 12, 2004, by and between DG&D California Properties and County of
18 Riverside (the "First Amendment")

19 c. The Original Lease, heretofore, currently, or hereafter amended, shall
20 hereafter be referred to as the "Lease".

21 d. The term of the Lease, as heretofore amended, will expire June 30,
22 2010. County and Lessor desire to further amend the Lease to extend the term of the Lease,
23 to modify the monthly rental payments and to otherwise modify the term and conditions of the
24 Lease as set forth in this Second Amendment.

25 NOW THEREFORE, for good and valuable consideration the receipt and adequacy of
which is hereby acknowledged, the parties agree as follows:

2. Capitalized Terms: Second Amendment to Prevail. Unless defined herein or
the context requires otherwise, all capitalized terms herein shall have the meaning defined in
the Lease, as heretofore amended. The provisions of the Second Amendment shall prevail
over any inconsistency or conflicting provisions of the Lease, as heretofore amended, and
shall supplement the remaining provisions thereof. The Lease remains in full force and effect
except to the extent amended by this Second Amendment.

3. Reduction in Square Footage. The square footage has been reduced from
twelve thousand six hundred eleven (12,611) square feet to five thousand two hundred fifty
(5,250) square feet. The reduced square footage hereafter shall be, and is Suite 250. Suite
250 shall include the computer room and common areas.

For scanning
cont.

1 **4. Extension of Term.** The Term of the Lease is hereby extended one (1) year.
2 The extended term will commence on July 1, 2009 ("Extended Term"). June 30, 2010, shall
3 hereafter be the "Expiration Date".

4 **5. Rent During Extended Term.** County shall pay to Lessor the monthly sums as
5 rent to the Leased premises during the term of this Lease as indicated below:

<u>Amount</u>	<u>Year</u>
\$10,080.00	7/1/09 – 6/30/10

6 **6. Options.** Section 6.1 of the original Lease Agreement is hereby amended
7 asfollows: County shall have the option to terminate said Lease for any reason after February
8 1, 2010, with sixty (60) days prior written notice to Lessor.

9 **7.** This Second Amendment to Lease shall not be binding or consummated until
10 its approval by the County's Board of Supervisors.

11 Date: 8-27-09

DG&D CALIFORNIA PROPERTIES, LLC

12 By: 
13 Gary Horn, Member

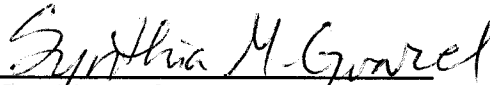
COUNTY OF RIVERSIDE

14 By: _____
15 Jeff Stone, Chairman
16 Board of Supervisors

17 **ATTEST:**
18 Kecia Harper-Ihem
19 Clerk of the Board

20 By: _____
21 Deputy

22 **APPROVED AS TO FORM:**
23 Pamela J. Walls
24 County Counsel

25 By: 
Synthia M. Gunzel
Deputy County Counsel

CC:ra
08/19/09
RV311
12.698