

379



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

**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
July 1, 2009

**SUBJECT:** First Amendment To Lease – Department of Mental Health, Riverside

**RECOMMENDED MOTION:** That the Board of Supervisors approve the attached First Amendment to Lease and authorize the Chairman of the Board to execute the same on behalf of the County.

**BACKGROUND:** On November 4, 2003, the Board of Supervisors entered into a lease for 20,900 square feet of office space at 769 Blaine Street, in Riverside, which will expire on August 26, 2009. The facility is occupied by the Department of Mental Health's Western Adult Program and continues to meet the needs of the department. The lease agreement includes an option to extend the lease for one year. However, the Economic Development Agency, Real Estate Division has negotiated a much lower rate directly with the landlord. Therefore, the need for the option letter has been eliminated.

*Maria T. Mabey*  
MARIA T. MABEY, ASSISTANT DIRECTOR  
RIVERSIDE COUNTY BAH

FORM APPROVED COUNTY COUNSEL  
BY: *Synthia M. Gunzel* 8-4-09  
SYNTHIA M. GUNZEL DATE  
Departmental Concurrence

Reviewed by  
*Christopher Hans*  
CP TEAM  
Christopher Hans

*Robert Field*  
Robert Field  
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$317,923	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ -0-	Budget Adjustment:	No
	Annual Net County Cost:	\$ -0-	For Fiscal Year:	09/10

SOURCE OF FUNDS: State 75.23%; Federal 23.28%; 3rd Party 1.49% (private insurance, medi-care, patient fees)	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 Jennifer L. Sargent

Policy  Policy  
Consent  Consent  
Per Exec. Ofc.:  
Dept't Recomm.:

Prev. Agn. Ref.: 11/4/03, 3.11 | District: 1 | Agenda Number:

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

3.46

(Continued)

**BACKGROUND:**

In addition the newly negotiated rate resulted in a 14% rent reduction, an overall cost savings to the department of \$240,701.40 over the lease term. The tenant improvements were also negotiated into the First Amendment. The tenant improvements shall be at landlord's sole cost and expense.

Location: 769 Blaine Street  
Riverside, California

Lessor: B.H. Properties, LLC  
11111 Santa Monica Blvd., #1800  
Los Angeles, California 90025

Size: 20,900 square feet

Term: Five (5) years, effective September 1, 2009, through August 31, 2014.

Rent:	<u>Current</u>	<u>New</u>
	\$ 1.54 per sq. ft.	\$ 1.35 per sq. ft.
	\$ 32,226.69 per month	\$ 28,215.00 per month
	\$ 386,720.28 per year	\$ 338,580.00 per year

Cost Savings:	Rent Reduction:	14%
	Savings Per Month:	\$ 4,011.69
	Savings Per Year:	\$48,140.28

Rent Adjustment: Three percent annually.

Utilities: County pays electric. Lessor pays all other utilities.

Tenant Improvements: Paid for and provided by Landlord.

Interior/Exterior Maintenance: Lessor provides interior/maintenance, custodial, and utilities with the exception of electrical.

Market Data:	1595 Spruce Street, Riverside	\$1.85 per sq. ft.
	1420 Iowa Ave, Riverside	\$2.25 per sq. ft.

Parking: Sufficient for County needs.

The attached Lease Option has been reviewed and approved by County Counsel as to legal form.

**FINANCIAL DATA:**

All associated costs for this Lease Option will be fully funded through the Department of Mental Health's (DOMH) budget and costs are not anticipated to be incurred prior to FY 2009/10. The DOMH has budgeted for these costs in FY 2009/10. While the Economic Development Agency (EDA) will pay the costs for this Lease Option to the property owner, the DOMH will reimburse EDA for all associated lease costs. EDA will return to the Board with the First Quarter Report to request any necessary budget adjustments to its FY 2009/10 budget associated with this transaction.

# Exhibit A

## Mental Health Lease Cost Analysis for FY 2009/10 769 Blaine Street, Riverside, California

### Current Square Feet Occupied:

Office: 20,900 SQFT

Cost per Square Foot: \$ 1.35

Lease Cost per Month (September 1, 2009 - June 30, 2010)	\$ 28,215	
<b>Total Estimated Lease Cost for FY 2009/10</b>		<b>\$ 282,150</b>

### Estimated Utility Costs:

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs (September 1, 2009 - June 30, 2010) \$ 25,080

<b>Total Estimated Utility Cost for FY 2009/10</b>		<b>\$ 25,080</b>
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<b>EDA Lease Management Fee (Based @ 3.79%)</b>		<b>\$ 10,693</b>
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<b>Total Estimated Lease Cost FY 2009/10:</b>		<b>\$ 317,923</b>
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## Exhibit B

### Mental Health Lease Cost Analysis for FY 2010/11 769 Blaine Street, Riverside, California

#### Current Square Feet Occupied:

Office: 20,900 SQFT

Cost per Square Foot: \$ 1.35

Lease Cost per Month (July 1, 2010 -June 30, 2011)

\$ 28,215

**Total Estimated Lease Cost for FY 2010/11**

\$

**338,580**

#### Estimated Utility Costs:

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs (July 1, 2010 -June 30, 2011)

\$ 30,096

**Total Estimated Utility Cost for FY 2010/11**

\$

**30,096**

**EDA Lease Management Fee (Based @ 3.79%)**

\$

**12,832**

**Total Estimated Lease Cost FY 2010/11:**

\$

**381,508**

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**FIRST AMENDMENT TO LEASE**  
(Department of Mental Health,  
769 Blaine Street, Riverside, California)

**COUNTY OF RIVERSIDE**, herein called County, and **B.H. PROPERTIES, L.L.C.**, a California Limited Liability Company, herein called Lessor, hereby agree to amend that certain Lease dated November 4, 2003, between them for the premises located at 769 Blaine Street, Riverside, California, as more particularly shown on Exhibit "A", attached to this First Amendment to Lease, as follows:

1. **Term.** Section 4 and 4.1 the Commencement date of the original Lease is hereby extended for a period of five (5) years. Commencing on September 1, 2009 and shall expire at midnight on August 26, 2014.

2. **Monthly Rent.** The new monthly rent for the premises for the extended term of five (5) years shall be a reduced amount of Twenty Eight Thousand, Two Hundred Fifteen Dollars (\$28,215.00) per month, payable on the first day of each and every month, with fixed 3% yearly increases. A/C/CC \_\_\_\_\_

3. **County's Right To Early Termination.** Section 6.4 of the original Lease is hereby amended as follows: County's Right to Early Termination, Notice Period, Paragraph 6.4 in original lease is hereby deleted in its entirety and the following paragraph shall be substituted:

"County shall provide landlord with a (60) day written notice to terminate, and County's obligation to pay Rent shall continue through the notice termination date."

4. **Satisfaction.** Satisfaction, Section 6.4.2. of the original Lease is hereby deleted in its entirety.

5. **Options.** Pursuant to Sections 6.1 and 6.1.1 of original Lease, Lessor hereby, agrees to enter into this First Amendment to Lease knowing that "County" has not provided the requested notice of said original lease. "Parties" have agreed to forego the requirements of section 6.1 and 6.1.1, regarding exercising the option to extend the Lease by County. Lessor waives this requirement as it enters into this First Amendment to Lease. Parties have negotiated and agreed upon the new Lease terms as they are provided herein.

6. **Tenant Improvements.** Section 11.1 of original Lease is hereby amended to include the following tenant improvements as defined herein in this First Amendment to Lease. Lessor at its sole cost and expense, shall deliver the following tenant improvements:

- a. Replace reception windows in lobby, (2)
- b. Repair laminate counter top in front lobby
- c. Paint Lobby
- d. Repair exterior color texture of stucco next to client area

7. This First Amendment to Lease shall not be binding or consummated until its approval by the Riverside County Board of Supervisors.

1           8. Except as modified or supplemented by this First Amendment to Lease all  
2 other terms and conditions of the Lease shall remain in full force and effect.

3 Dated: \_\_\_\_\_

**B.H. PROPERTIES, L.L.C.**

4  
5 By:   
Arsalan Gozini, Member

6 **COUNTY OF RIVERSIDE**

7  
8 By: \_\_\_\_\_  
Jeff Stone, Chairman  
Board of Supervisors

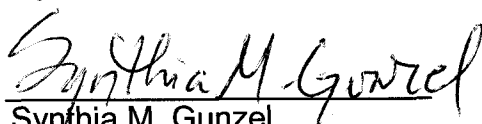
9  
10 **ATTEST:**

11 Kecia Harper-Ihem  
12 Clerk of the Board

13 By: \_\_\_\_\_  
14 Deputy

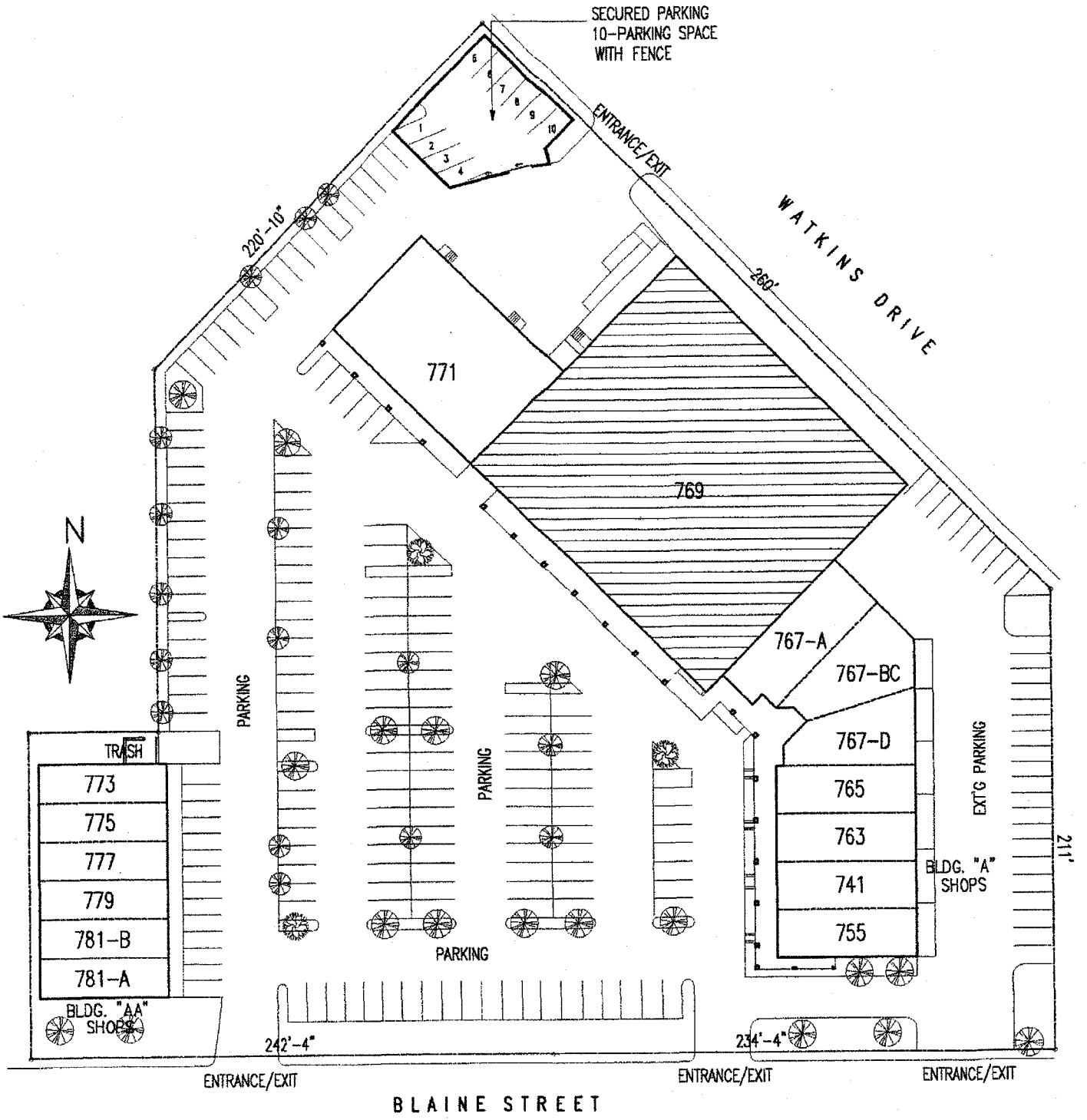
15 **APPROVED AS TO FORM:**

16 Pamela J. Walls  
17 County Counsel

18 By:   
19 Synthia M. Gunzel  
Deputy County Counsel

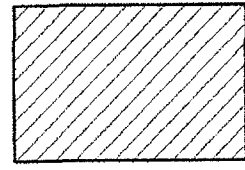
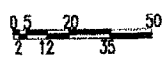
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CC:ra  
07230920  
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# EXHIBIT "A"



## SITE PLAN

741-781 BLAINE STREET, RIVERSIDE



DEMISED  
PREMISES