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



FROM: Economic Development Agency

SUBMITTAL DATE:
August 17, 2009

SUBJECT: Seventh Amendment to Lease – Community Health Agency, Riverside

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached Seventh Amendment to Lease and authorize the Chairman of the Board to execute the same on behalf of the County; and
2. Authorize the Auditor-Controller to adjust the Economic Development Agency's FY 2009/10 budget as set forth in Schedule A.

BACKGROUND: On September 1, 1990, the county entered into a lease for the Community Health Agency (CHA) at 9415 Mission Boulevard in Riverside, to accommodate the agency's Jurupa Family Health Center and Women, Infant, and Children's (WIC) program. Due to the increase in service demands for health care and other public health services the facility no longer meets the department's location and space requirements. On July 15, 2008, the Board of Supervisors approved an "In-Principle" form 11 to secure a build to suit leased facility of increased size for CHA.

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, AUDITOR-CONTROLLER

(Continued)

BY: Susana Garcia-Bocanegra 10/15/09
SUSANA GARCIA-BOCANEGRA

Robert Field
Robert Field

Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 154,015	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 61,606	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 63,400	For Fiscal Year:	09/10

SOURCE OF FUNDS: Revenue 60%, General Fund 40%	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: Jennifer L. Sargent
Jennifer L. Sargent

County Executive Office Signature

Policy Policy

Consent Consent

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 8/7/90, 3.34; 8/2/94, 3.31; 11/29/94, 3.22; 10/17/95, 3.13; 6/8/99, 3.7; 3/23/05, 3.11; 7/15/08, 3.16

District: 2

Agenda Number:

3.28

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

APPROVED COUNTY COUNSEL
 BY: Synthia M. Gunzel 9-21-09
 SYNTHIA M. GUNZEL DATE: 9-21-09
 Departmental Concurrence

Susan D. Huntington
 Director of Public Health

(Continued)

BACKGROUND:

However, this project was placed on hold due to budget constraints and reorganization of Community Health Agency's reduced staff. In an effort to assist Community Health in moving forward and achieving their goals, the Real Estate Division has assisted the department by negotiating the following lease terms: a lease renewal for three (3) years, at a reduced rate of \$1.15 per square feet, as compared to the existing rate of \$1.30 per square feet. This results in an overall rental reduction of 13%. The rental reduction will assist the department with an overall cost savings of \$52K for the full term of the lease. The reduced rate provides the Department with valuable resources to assist in funding this and other programs in an efficient and cost effective manner.

Location: 9415 Mission Boulevard, Suites I, J, K, and O-S
Riverside, California

Lessor: John P. and Margie Oostdam
1970 N. Warren Road
San Jacinto, California 92582

Size: Approximately 9,600 square feet

Term: Three (3) years, October 1, 2008 through September 30, 2011.

Rent:	<u>Current</u>	<u>New</u>
	\$ 1.30 per sq. ft.	\$ 1.15 per sq. ft.
	\$ 12,510 per month	\$ 11,040.00 per month
	\$150,120 per year	\$132,480.00 per year

Cost Savings:	Rent Reduction:	13%
	Savings Per Month:	\$1,470.00
	Savings Per Year:	\$17,640.00
	Savings Per Lease Term:	\$52,920.00

Annual Adjustment: Three percent (3%) on each anniversary date, October 1st.

Utilities: County pays phone and electric. Lessor to pay all other utilities.

Interior/Exterior
Maintenance: Provided by Lessor.

(Continued)

BACKGROUND:

Custodial: County

Market Data:	5961 Mission Boulevard, Riverside	\$1.88 per sq. ft.
	2300 Market Street, Riverside	\$2.28 per sq. ft.

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

FINANCIAL DATA:

All associated costs for this Seventh Amendment to Lease will be fully funded through CHA's budget. CHA has budgeted for these costs in FY 2009/10; however, Economic Development Agency (EDA) requires a budget adjustment to its FY 2009/10 budget to cover related transactional costs with the property owner. While EDA will front the costs for this amendment with the property owner, CHA will reimburse EDA for all associated lease costs.

Schedule A

Increase Appropriations:

10000-7200400000-526700 – Rent/Lease Buildings	\$135,072
10000-7200600000-529540 – Utilities	\$13,824
10000-7200400000-572500 – Intra – Leases	(\$135,072)
10000-7200600000-573800 – Intra - Utilities	(\$13,824)

Exhibit A

Community Health Agency Lease Cost Analysis for FY 2009/10 9415 Mission Boulevard, Suites I, J, K, and O-S, Riverside, California

Current Square Feet Occupied:

Office:	9,600 SQFT		
Cost per Square Foot:	\$ 1.15		
Lease Cost per Month (July 1, 2009 - September 30, 2009) (Annual Increase @ 3% (Commencing October 1, 2009))	\$ 11,040 ✓	\$	33,120 ✓
Cost per Square Foot:	\$ 1.18		
Lease Cost per Month (October 1, 2009 - June 30, 2010)	\$ 11,328 ✓	\$	101,952 ✓
Total Estimated Lease Cost for FY 2009/10		\$	135,072 ✓
<u>Estimated Utility Costs:</u>			
Utility Cost per Square Foot	\$ 0.12		
Estimated Utility Costs (July 1, 2009 - June 30, 2010)	\$ 13,824 ✓		
Total Estimated Utility Cost for FY 2009/10		\$	13,824 ✓
Tenant Improvement Costs for Expansion Space:		\$	-
RCIT Improvements:		\$	-
EDA Lease Management Fee (Based @ 3.79%)		\$	5,119 ✓
Total Estimated Lease Cost FY 2009/10		\$	154,015 ✓
Current County Cost at 40%:		\$	61,606 ✓

Exhibit B

Community Health Agency Lease Cost Analysis for FY 2010/11 9415 Mission Boulevard, Suites I, J, K, and O-S, Riverside, California

Current Square Feet Occupied:

Office:	9,600 SQFT		
Cost per Square Foot:	\$ 1.18		
Lease Cost per Month (July 1, 2010 - September 30, 2010) (Annual Increase @ 3% (Commencing October 1, 2009))	\$ 11,328	\$	33,984 ✓
Cost per Square Foot:	\$ 1.22		
Lease Cost per Month (October 1, 2010 - June 30, 2011)	\$ 11,712	\$	105,408 ✓
Estimated Lease Cost FY 2010/11		\$	139,392 ✓
<u>Estimated Utility Costs:</u>			
Utility Cost per Square Foot	\$ 0.12		
Estimated Utility Costs (July 1, 2010 - June 30, 2011)		\$	13,824
EDA Lease Management Fee (Based @ 3.79%)		\$	5,283
Total Estimated Lease Cost FY 2010/11		\$	158,499 ✓
Annual Net County Cost at 40%:		\$	63,400 ✓