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

SUBMITTAL DATE:

FROM: Economic Development Agency

November 30, 2009

SUBJECT: First Amendment to Lease - Department of Mental Health, Indio

RECOMMENDED MOTION: That the Board of Supervisors:

- 1. Ratify the attached First Amendment to Lease and authorize the Chairman 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 out on Schedule A.

BACKGROUND: (Commences on Page 2)

Robert Field
Assistant County Executive Officer/EDA

OURCE OF F	UNDS: Federal 2.63%: State 39.0	8%:	Positions To Be	
	Annual Net County Cost:	\$11,406	For Fiscal Year:	09/10
DATA	Current F.Y. Net County Cost:	\$ (601)	Budget Adjustment:	Yes
FINANCIAL	Current F.Y. Total Cost:		In Current Year Budget:	Yes

SOURCE OF FUNDS: Federal 2.63%; State 39.08%;
County 58.28%; 3rd Party 0.01%

Positions To Be
Deleted Per A-30

Requires 4/5 Vote

C.E.O. RECOMMENDATION:

APPROVE PULLET

County Executive Office Signature

ennifer L. Sargent

Prev. Agn. Ref.:

District: 4

Agenda Number:

Economic Development Agency First Amendment to Lease – Department of Mental Health, Indio November 30, 2009 Page 2

BACKGROUND:

Since September, 2006, the County has leased the small office located at 82-632 Highway 111 in Indio for use by the Department of Mental Health (DOMH). It continues to meet the needs of the Department, and this First Amendment to Lease extends the lease five (5) years. A rent reduction from \$1.98 per square foot to \$1.86 per square foot has been negotiated and equates to a 7% savings for DOMH.

Location:

82-632 Highway 111, Suite A-3

Indio, CA

Lessor:

King Street Partners

c/o Capri Realty

44650 Village Court, Suite 200

Palm Desert, CA 92260

Size:

780 square feet

Term:

Five (5) years, commencing September 1, 2009, through

August 31, 2014.

Rent:

Current

New

\$ \$1.98 per sq. ft. \$ 1,544.52 per month \$18,534.24 per year \$ 1.86 per sq. ft. \$ 1,445.00 per month

\$17,340.00 per year

Savings per square foot:

7% reduction

Savings per month: Savings per year: \$99.52 \$1,194.24

Rent Adjustments:

Three percent (3%) annually.

Utilities:

County shall pay for electrical and gas services. Lessor shall pay for all

other utilities.

Custodial:

Provided by Lessor.

Maintenance:

Provided by Lessor.

Improvements:

None.

RCIT:

None.

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

Economic Development Agency First Amendment to Lease – Department of Mental Health, Indio November 30, 2009 Page 3

FINANCIAL DATA:

This Lease rate reduction saves' the DOMH \$1,194.24 for the first year of the extended term. All associated costs for this lease amendment will be fully funded through DOMH budget. DOMH has budgeted for these costs in FY2009/10.

The 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, DOMH will reimburse EDA for all associated lease costs.

Economic Development Agency First Amendment to Lease – Department of Mental Health, Indio November 30, 2009 Page 4

Schedule A

Decrease Appropriations	D	ec	rea	ase	Α	рp	ro	ori	ati	io	ทร	5
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10000-7200400000-526700 – Rent/Lease Buildings (\$995) 10000-7200400000-572500 – Intra – Leases \$995

Exhibit A

Mental Health Lease Cost Analysis for FY 2009/10 82632 Highway 111, Indio, California

Total Square Footage to be Leased: BUDGETED AMOUNTS						
Current office:		780	SQFT			
Cost Per Sq. Ft:	\$	1.98				
Lease Cost per Month Total Lease Cost included in Budget for R	FY 2009/10		\$	1,545	\$	18,534
ACTUAL AMOUNTS Current office:		780	SQFT			
Approximate Cost per SQFT (July - Aug) Approximate Cost per SQFT (Sept June)	\$ \$	1.98 1.86				
Lease Cost per Month (July - Aug) Lease Cost per Month (Sept June)	\$ \$	1,545 1,445				
Total Lease Cost (July - Aug) Total Lease Cost (Sept June) Total Lease Cost for FY 2009/10			\$	3,089 14,450	· ·	17,539
TOTAL LEASE COST SAVINGS FOR FY 2	009/10			:	\$	(995)
Estimated Additional Costs: BUDGETED AMOUNTS						
Utility Cost per Square Foot Estimated Utility Costs per Month Total Estimated Utility Cost for FY 2009/1	\$ 0	0.12	\$	94	\$	1,123
Tenant Improvement Costs		N/A				
RCIT Costs		N/A				
EDA Lease Management Fee (Based @ 3.79%)					\$	702
Total Estimated Additional Costs include	d in Budget for F	Y 2009/10			\$	1,825
ACTUAL AMOUNTS Utility Cost per Square Foot Estimated Utility Costs per Month Total Estimated Utility Cost for FY 2009/10 (\$ \$ (July - June)	0.12 94	- \$	1,123		
Tenant Improvement Costs		N/A				
RCIT Costs		N/A				
EDA Lease Management Fee (Based @ 3.79%) Total Estimated Additional Costs for FY 2009/10 TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2009/10				665	\$	1,788
TOTAL SAVINGS FOR LEASE COST FY 2009/10					\$	(1,032)
Total Net County Cost of 58.28%					\$	(601)

Exhibit B

Mental Health Lease Cost Analysis for FY 2009/10 82632 Highway 111, Indio, California

Proposed Square Footage:

Office:		780 SQFT		
Cost per Square Foot:	\$	1.86		
Lease Cost per Month (July 1	1, 2010 - August 31,	2010)	\$1,445 	\$2,890
Lease Cost per Month (Septe *Includes a 3% increase	e 30, 2010)*	1,488	14,884	
Total Estimated Lease Cos			\$17,774	
Estimated Additional C	costs:			
Utility Cost per Square Foot		\$0.12		
Estimated Utility Costs (July	1, 2010 - June 30, 2	2011)	1123	
Total Estimated Utility Cost	t for FY 2010/11			\$1,123
EDA Lease Management Fe	e (Based @ 3.79%)	\$	674
Total Estimated Lease Cos	t FY 2010/11:		\$	19,570
Total Annual Net County Co		\$	11,406	

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FIRST AMENDMENT TO LEASE

(Department of Mental Health, 82-632 Highway 111, Suite A-3, Indio, California 92201)

This FIRST AMENDMENT TO King Street Partners Lease ("First Amendment") is made as of November 25, 2009, by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County"), and **KING STREET PARTNERS** ("Lessor").

1. Recitals.

a. County and King Street Partners ("Landlord") entered into that certain lease dated August 16, 2006, (the "Original Lease") pursuant to which County leased a portion of that certain building located at 82-632 Highway 111, Suite A-3, Indio, California (the "Building"), as more particularly shown on Exhibit "A", attached hereto and made a part hereof.

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

- 2. **Capitalized Terms:** First 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 this First 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 First Amendment.
- 3. **Extension of Term.** The Term of this First Amendment to Lease is hereby extended five (5) years. The extended term will commence on September 1, 2009 and will expire on August 31, 2014 ("Extended Term"). August 31, 2014 shall hereafter be the "Expiration Date".
- 4. **Rent During Extended Term.** Effective as of September 1, 2009, the monthly rental shall be decreased from \$1,544.52 to \$1,445.00. The monthly rent shall be increased on each anniversary of this extended term by an amount equal to three percent (3%) of such monthly rental.
- 5. Except as modified or supplemented by this First Amendment to Lease, all provisions of this Lease shall remain in full force and effect.

	1 2	6. This First Amendment to Le approval by the Riverside County Board of	ease shall not be binding or consummated until its Supervisors.
	3	Dated:	
	4	·	KING STREET PARTNERS
	5		ву:
	6		Lawrence P. Langner Managing Partner
	7		
	9	ATTEST: Kecia Harper-Ihem Clerk of the Board	COUNTY OF RIVERSIDE
	10	By:	By: Marion Ashley, Chairman Board of Supervisors
	12	APPROVED AS TO FORM: Pamela J. Walls County Counsel	
	14	By: Synthia H. Gunzel	
HR:ra	15 16	Synthia M. Gunzel Deputy County Counsel	
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