

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

845



FROM: Economic Development Agency

SUBMITTAL DATE:
November 23, 2009

SUBJECT: Fifteenth Amendment to Lease – Economic Development Agency, Riverside

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached Fifteenth 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

FINANCIAL DATA	Current F.Y. Total Cost:	(\$242,452)	In Current Year Budget:	Yes ^{HR}
	Current F.Y. Net County Cost:	\$ -0-	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ -0-	For Fiscal Year:	09/10
SOURCE OF FUNDS: Workforce Investment Act Funds - 100% Federal Funds			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 I. Sargent

County Executive Office Signature

Policy
 Policy

Consent
 Consent

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

Prev. Agn. Ref.: 12/14/04, 3.9

District: 1

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.23

FISCAL PROCEDURES APPROVED
 ROBERT E. BYRD, AUDITOR-CONTROLLER
 1/28/10
 SUSANA GARCIA-BOCANIEGRA
 BY:
 CYNTHIA M. GUNZEL, Department Manager
 FORM APPROVED COUNTY COUNSEL
 BY:
 CYNTHIA M. GUNZEL, Department Manager

BACKGROUND:

The current lease at 1151 Spruce Street, Riverside, expired on October 31, 2009. The relocation of the Riverside Workforce Development Center (WDC) from 1151 Spruce Street to 1325 Spruce Street requires a short extension of the lease agreement. This Fifteenth Amendment to Lease extends the current lease 6 months and for flexibility, includes the ability to vacate after 3 months with 30 day's notice. Additionally, the square footage is reduced with this short term renewal.

Location: 1151 Spruce St
Riverside, CA

Lessor: Blue Mountain Two, L.P.
28 Hammond, Suite F
Irvine, CA 92618

Size: Reduced from 52,120 square feet to 38,773 square feet.

Term: Six (6) months, commencing November 1, 2009, through April 30, 2010.

Rent:

	<u>Current</u>	<u>New</u>
	\$ 1.26 per sq. ft.	\$ 1.33 per sq. ft.
	\$ 65,212.07 per month	\$ 51,568.09 per month
	\$782,544.84 per year	\$618,817.08 per year

Utilities: County pays electrical and gas, Lessor pays all other utilities.

Custodial: Provided by Lessor.

Interior/Exterior Maintenance: Provided by Lessor.

Improvements: None

RCIT: None

Market Data:

3050 Chicago Ave, Riverside, CA 92507	\$1.45 per sq. ft.
2002 Iowa Ave, Riverside, CA 92507	\$1.45 per sq. ft.
4164 Brockton Ave, Riverside, CA 92501	\$1.40 per sq. ft.

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

FINANCIAL DATA:

All associated costs for this Lease Amendment will be fully funded through the Economic Development Agency (EDA) WDC's budget. EDA has budgeted for these costs in FY 2009/10; however, 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, EDA WDC will reimburse EDA for all associated improvement costs.

Schedule A

Decrease Revenues:

10000-7200400000-778150 – Inter - Leases	\$212,288
10000-7200600000-778350 – Inter - Utilities	\$ 22,119

Decrease Appropriations:

10000-7200400000-526700 – Rent/Lease Buildings	\$212,288
10000-7200600000-529540 – Utilities	\$ 22,119

Exhibit A

EDA WDC Lease Cost Analysis for FY 2009/10 1151 Spruce Street, Riverside, California

Total Square Footage to be Leased:

BUDGETED AMOUNTS

Current office:	52,120	SQFT	
Approximate Cost Per Sq. Foot:	\$	1.26	
Lease Cost per Month:		\$ 65,212.07	
Total Lease Cost included in Budget for FY 2009-10:			\$ 782,544.84

ACTUAL AMOUNTS

Current Office Space (Jul-Oct):	52,120	SQFT	
New Proposed Office Space (Nov-Apr):	38,773	SQFT	
Approximate Cost Per SQFT (Jul-Oct)		1.26	
Approximate Cost Per SQFT (Nov-Apr)		1.33	
Lease Cost per Month (Jul-Oct):	65,212.07		
Lease Cost per Month (Nov-Apr):	51,568.09		
Total Lease Cost for (Jul-Oct)		260,848.28	
Total Lease Cost for (Nov-Apr)		309,408.54	
Total Lease Cost for FY 2009-10			\$ 570,256.82
TOTAL LEASE COST SAVINGS FOR FY 2009-10			\$ (212,288.02)

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs Per Month:	\$	6,254.40	
Total Additional Estimated Utility Cost for FY 2009/10:			\$ 75,052.80
EDA Lease Management Fee (Based @ 3.79%)	\$	29,658	
Total Estimated Additional Costs included in Budget for FY 2009/10:			\$ 104,711.25

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs Per Month(Jul-Oct):	\$	6,254.40	
Estimated Utility Costs Per Month(Nov-Apr):	\$	4,652.76	
Total Estimated Utility Cost for (Jul-Oct):	\$	25,017.60	
Total Estimated Utility Cost for (Nov-Apr):	\$	27,916.56	
Total Additional Estimated Utility Cost for FY 2009/10 :			\$ 52,934.16
EDA Lease Management Fee (Based @ 3.79%)	\$	21,613	
Total Estimated Additional Costs for FY 2009/10:			\$ 74,546.89
TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2009-10			\$ (30,164.36)
TOTAL SAVINGS FOR LEASE COST FY 2009/10			\$ (242,452.38)

1 **FIFTEENTH AMENDMENT TO LEASE**
2 (ECONOMIC DEVELOPMENT AGENCY
3 1151 Spruce Street, Riverside)

4 **BLUE MOUNTAIN TWO, L.P.**, a California limited partnership, successor in
5 interest to Daniel C. Burke, Michael P. Burke, Adrienne C. Burke, and Elaine Ortuno, herein
6 called "Lessor", and the **COUNTY OF RIVERSIDE**, a political subdivision of the state of
7 California, herein called "County", hereby agree to amend that certain lease dated June 23,
8 1994, and as amended November 7, 1994, February 20, 1996, March 7, 1996, September 24,
9 1996, June 17, 1997, October 14, 1997, March 9, 1999, August 24, 1999, April 11, 2000,
10 November 14, 2000, November 6, 2001, December 11, 2001, January 13, 2004, and
11 December 14, 2004 pertaining to the premises located at 1151 Spruce Street, Riverside,
12 California, as shown on Exhibit "A" of said lease and subsequent amendments, as follows:

13 1. **Lease Term Extension.** The term of the above-referenced lease is hereby
14 extended for a period of six (6) months commencing November 1, 2009, and expiring April 30,
15 2010.

16 2. **Option to Terminate.** County has the right to terminate said lease after 3
17 months of the 6 month extension, with thirty (30) days prior written notice to Lessor.

18 3. **Square Footage Reduction.** The premises square footage is reduced from
19 52,120 square feet to 38,773 square feet commencing November 1, 2009.

20 4. **Revised Rent.** The rent during the extended term shall be \$51,568.09 per
21 month commencing November 1, 2009.

22 5. **Subject to Lease.** This Fifteenth Amendment to Lease shall be subject to
23 all of the terms and conditions of the above-referenced lease as amended. All other terms of
24 the lease shall remain the same.

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1 5. **Authority.** This Fifteenth Amendment to Lease shall not be binding or
2 consummated until such time as it is approved by the Riverside County Board of Supervisors.

3 Dated: _____

BLUE MOUNTAIN TWO, L.P., a
California limited partnership

4 By: David Burke
5 Dan Burke, General Partner

6
7 **COUNTY OF RIVERSIDE**

8 **ATTEST:**

9 Kecia Harper-Ihem
10 Clerk of the Board

By: _____
Marion Ashley, Chairman
Board of Supervisors

11 By: _____
12 Deputy

13 **APPROVED AS TO FORM:**

14 **Pamela J. Walls**
15 County Counsel

16 By: Synthia M. Gunzel
17 Synthia M. Gunzel
18 Deputy County Counsel

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21 HR:ra
22 082409
23 RV145
24 12.970
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