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

**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
April 22, 2010

**SUBJECT:** First Amendment to Lease – Department of Mental Health, Hemet

**RECOMMENDED MOTION:** That the Board of Supervisors:

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

**BACKGROUND:** (Commences on Page 2)

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	<b>Current F.Y. Total Cost:</b>	(\$ 8,677)	<b>In Current Year Budget:</b>	Yes
	<b>Current F.Y. Net County Cost:</b>	(\$ 1,475)	<b>Budget Adjustment:</b>	Yes
	<b>Annual Net County Cost:</b>	\$ 48,518	<b>For Fiscal Year:</b>	09/10

<b>SOURCE OF FUNDS:</b> 17.90% Federal, 67.98% State, 12.14% Grants/MOU, .98% 3 <sup>rd</sup> Party, .83% Other and .17% County	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input checked="" type="checkbox"/>

**C.E.O. RECOMMENDATION:**

**County Executive Office Signature**

FORM APPROVED COUNTY COUNSEL  
BY: Synthia M. Gunzel DATE: 5-30-10  
SYNTHIA M. GUNZEL  
MARIAT. MAREY, ASST DIRECTOR  
RIVERSIDE COUNTY DMH

FISCAL PROCEDURES APPROVED  
ROBERT E. BYRD, AUDITOR-CONTROLLER  
BY: Samuel Wong DATE: 4/29/10  
SAMUEL WONG

Dept's Recomm.:  Policy  Consent

Per Exec. Ofc.:  Policy  Consent

Prev. Agn. Ref.: 3.12, 4/20/99 | District: 3 | Agenda Number:

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

3.30

**BACKGROUND:**

This First Amendment to Lease represents a request from Mental Health to extend the lease for its office located at 650 N. State Street, Hemet, California, commencing on February 1, 2010, through January 31, 2015. This facility continues to meet the requirements of the department. The Economic Development Agency (EDA), Real Estate Division, has negotiated a five (5) year lease renewal with a 7% rental rate reduction.

Lessor: State Street, LLC  
41 Lexington Way  
Trabuco Canyon, California 92679

Premises Location: 650 N. State Street, Hemet, California 92543

Size: 14,400 sq. ft.

Term: Five (5) years, February 1, 2010 through January 31, 2015

Rent:	<u>Current</u>	<u>New</u>
	\$ 1.59 per sq. ft.	\$ 1.48 per sq. ft.
	\$ 22,922.25 per month	\$ 21,250.00 per month
	\$275,067.00 per year	\$255,000.00 per year

<u>Savings</u>	
Per Sq. Ft.	\$ .11
Per Month	\$ 1,672.25
Per Year	\$20,068.00

Rental Adjustments: None

Utilities: County pays for electricity, telephone and gas, Landlord pays for all others services.

Custodial Services: Landlord

Maintenance: Landlord

Option to Terminate: Termination for any reason with sixty days notice

Improvements: None

RCIT Costs: None

Market Data:	2091 W. Florida Avenue, Hemet	\$1.50
	1260 E. Latham Avenue, Hemet	\$1.50

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, Hemet  
April 22, 2010  
Page 3

**FINANCIAL DATA:**

All associated costs for this First Amendment to Lease will be fully funded through the Department of Mental Health budget. The Department of Mental Health has budgeted these costs in FY 2009/10. While EDA will front the costs for the First Amendment to Lease with the property owners, the Department of Mental Health will reimburse EDA for all association lease costs.

## Schedule A

Decrease Appropriations:

10000-7200400000-526700 – Rent/Lease Buildings	\$(8,360)
10000-7200400000-572500 – Intra Leases	\$8,360

# Exhibit A

## Department of Mental Health Lease Cost Analysis FY 2009/10 650 N. State Street, Hemet, California

**Total Square Footage to be Leased:**

***BUDGETED AMOUNTS***

Current office:		14,400	SQFT	
Cost Per Sq. Ft:	\$	1.59		
Lease Cost per Month		\$	22,922	
<b>Total Lease Cost included in Budget for FY 2009/10</b>			<u>\$</u>	<b>275,064</b>

***ACTUAL AMOUNTS***

Current office:		14,400	SQFT	
Approximate Cost per SQFT (July- Jan)	\$	1.59		
Approximate Cost per SQFT (Feb - June)	\$	1.48		
Lease Cost per Month (July -Jan)	\$	22,922		
Lease Cost per Month (Feb- June)	\$	21,250		
Total Lease Cost (July - Jan)		\$	160,454	
Total Lease Cost (Feb - June)		\$	106,250	
<b>Total Lease Cost for FY 2009/10</b>			<u>\$</u>	<b>266,704</b>
<b>TOTAL LEASE COST SAVINGS FOR FY 2009/10</b>			<u>\$</u>	<b>(8,360)</b>

**Estimated Additional Costs:**

***BUDGETED AMOUNTS***

Utility Cost per Square Foot	\$		0.12	
Estimated Utility Costs per Month		\$	1,728	
<b>Total Estimated Utility Cost for FY 2009/10</b>			<u>\$</u>	<b>20,736</b>
<b>Tenant Improvement Costs</b>				<b>N/A</b>
<b>RCIT Costs</b>				<b>N/A</b>
<b>EDA Lease Management Fee (Based @ 3.79%)</b>			<u>\$</u>	<b>10,425</b>
<b>Total Estimated Additional Costs included in Budget for FY 2009/10</b>			<u>\$</u>	<b>31,161</b>

***ACTUAL AMOUNTS***

Utility Cost per Square Foot	\$		0.12	
Estimated Utility Costs per Month		\$	1,728	
<b>Total Additional Estimated Utility Cost for FY 2009/10 (July - June)</b>			<u>\$</u>	<b>20,736</b>
<b>Tenant Improvement Costs</b>				<b>N/A</b>
<b>RCIT Costs</b>				<b>N/A</b>
<b>EDA Lease Management Fee (Based @ 3.79%)</b>		\$	10,108	
<b>Total Estimated Additional Costs for FY 2009/10</b>			<u>\$</u>	<b>30,844</b>
<b>TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2009/10</b>			<u>\$</u>	<b>(317)</b>
<b>TOTAL SAVINGS FOR LEASE COST FY 2009/10</b>			<u>\$</u>	<b>(8,677)</b>
<b>Total Net County Cost @ 17%</b>			<u>\$</u>	<b>(1,475)</b>

# Exhibit B

## Department of Mental Health Lease Cost Analysis FY 2010/11 650 N. State Street, Hemet, California

### Current Square Feet Occupied:

Office:	14,400 SQFT		
Cost per Square Foot:	\$ 1.48		
Lease Cost per Month (July 1, 2010- June 30, 2011)	\$	21,250.00	
<b>Total Estimated Lease Cost for FY 2010/11</b>			<b>\$ 255,000.00</b>

### Estimated Utility Costs:

Utility Cost per Square Foot	\$ 0.12		
Estimated Utility Costs (July 1, 2010 -June 30, 2011)	\$	<u>1,728.00</u>	
<b>Total Estimated Utility Cost for FY 2010/11</b>			<b>\$ 20,736.00</b>
<b>EDA Lease Management Fee (Based @ 3.79%)</b>			<b>\$ <u>9,664.50</u></b>
<b>Total Estimated Lease Cost FY 2010/11:</b>			<b>\$ 285,400.50</b>
<b>Total Net County Cost @ 17%</b>			<b>\$ 48,518.09</b>

1 **FIRST AMENDMENT TO LEASE**  
2 **650 N. State Street, Hemet, California**

3 This **FIRST AMENDMENT TO LEASE** ("First Amendment") is made as of  
4 \_\_\_\_\_, 2010 by and between the **COUNTY OF RIVERSIDE**, a political  
subdivision of the State of California ("County"), and **STATE STREET, LLC**, ("Lessor").

5 **1. Recitals.**

6 a. Lessor (as the successor-in-interest to American Recon, Inc., a  
7 California corporation) and County entered into that certain lease dated April 20, 1999, (the  
8 "Original Lease") pursuant to which County leased a portion of that certain building located at  
650 N. State Street, Hemet, California (the "Building"), as more particularly shown on Exhibit  
"A", attached hereto and made a part hereof.

9 b. The Original Lease, as heretofore, currently, or hereafter amended,  
10 shall hereafter be referred to as the "Lease".

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

12 **2. Capitalized Terms:** First Amendment to Prevail. Unless defined herein or the  
13 context requires otherwise, all capitalized terms herein shall have the meaning defined in the  
14 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  
15 supplement the remaining provisions thereof. The Lease remains in full force and effect  
except to the extent amended by this First Amendment.

16 **3. Lease Term.** Section 3 of the Lease shall be amended as follows: The term  
of this Lease shall be extended sixty (60) months commencing on February 1, 2010, and  
17 terminating on January 31, 2015.

18 **4. Rent.** Section 5 of the Lease shall be amended as follows: Monthly rent shall  
be paid as follows through the extended term:

19

<u>Monthly Amount</u>	<u>Year</u>
\$21,250.00	February 1, 2010 to January 31, 2015

20

21 **5. Option to Terminate.** County shall have the right to terminate this lease after  
one (1) year by giving Lessor sixty (60) days advance written notice.

22 **6. Notices.** Section 13 of the Lease shall be amended as follows. Any notices  
23 required or desired to be served by either party upon the other shall be addressed to the  
respective parties as set forth below:  
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**COUNTY:**  
Economic Development Agency  
County of Riverside  
3403 Tenth Street, Suite 500  
Riverside, California 92501

**LESSOR:**  
State Street, LLC  
Attn: Mark Minkoff  
41 Lexington Way  
Trabuco Canyon, California 92679

7. Except as modified or supplemented by this First Amendment to Lease, all provisions of this Lease shall remain in full force and effect.

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

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

**STATE STREET, LLC**

By:  \_\_\_\_\_

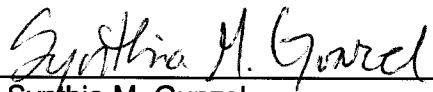
**COUNTY OF RIVERSIDE**

By: \_\_\_\_\_  
Marion Ashley, Chairman  
Board of Supervisors

**ATTEST:**  
Kecia Harper-Ihem  
Clerk of the Board

By: \_\_\_\_\_  
Deputy

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

By:  \_\_\_\_\_  
Synthia M. Gunzel  
Deputy County Counsel

MH:jw  
02/02/10  
HM027  
13.147



