

643



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

Ken J. Kelly
MARIAT. MABEY, ASST DIRECTOR
RIVERSIDE COUNTY DMH

FROM: Economic Development Agency

SUBMITTAL DATE:

April 22, 2010

SUBJECT: Third Amendment to Lease – Department of Mental Health, Riverside

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached Third 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 2009/2010 budget as outlined on Schedule A.

BACKGROUND: (Commences on Page 2)

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, AUDITOR-CONTROLLER
BY Samuel Wong 4/21/10
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (2,731)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ -0-	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ -0-	For Fiscal Year:	09/10

SOURCE OF FUNDS: 43.63% State, Grants/MOU 15.15%, Other 41.22%	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION:

County Executive Office Signature

Policy
 Consent
 Policy
 Consent

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

Prev. Agn. Ref.: 3.11 1/9/01; 3.25 1/27/04; 3.14 12/12/06
District: 1
Agenda Number:

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

3.37

FORM APPROVED COUNTY COUNSEL
 BY: Synthia M. Gunzel 3/31/10
 SYNTHIA M. GUNZEL
 Departmental Concurrence

BACKGROUND:

This Third Amendment to Lease represents a request from Mental Health to extend the lease for its office located at 1777 Atlanta Avenue, Ste. G1, Riverside, California, commencing on January 1, 2010, through December 31, 2014. 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 an 5% rental rate reduction with tenant improvements included at Landlords sole cost and expense for additional savings.

Lessor: AP-Commerce Square, LLC
310 Golden Shore, #300
Long Beach, California 90802

Premises Location: 1777 Atlanta Avenue, Ste G1, Riverside, California 92507

Size: 7,080 sq. ft.

Term: Five (5) years, January 1, 2010 through December 31, 2014

Rent:	<u>Current</u>		<u>New</u>	
	\$ 1.31	per sq. ft.	\$ 1.25	per sq. ft.
	\$ 9,288.62	per month	\$ 8,850.00	per month
	\$111,463.44	per year	\$106,200.00	per year

<u>Savings</u>	
Per Sq. Ft.	\$.06
Per Month	\$ 438.62
Per Year	\$5,263.44

Rental Adjustments: 3% annual increase

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

Custodial Services: Landlord

Maintenance: Landlord

Improvements: Yes, at Landlords sole cost and expense.

RCIT Costs: None

Economic Development Agency
Third Amendment to Lease – Department of Mental Health, Riverside
April 22, 2010
Page 3

Market Data:	1650 Iowa Citrus Park, Riverside	\$1.85
	7898 Spruce Street, Riverside	\$2.02

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

FINANCIAL DATA:

All associated costs for this Third 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 Third 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	\$(2,632)
10000-7200400000-572500 – Intra Leases	\$2,632

Exhibit A

Department of Mental Health Lease Cost Analysis FY 2009/10 1777 Atlanta Avenue, Ste G1, Riverside, California

Total Square Footage to be Leased:

BUDGETED AMOUNTS

Current office:		7,080	SQFT		
Cost Per Sq. Ft:	\$	1.31			
Lease Cost per Month				\$	9,288.62
Total Lease Cost included in Budget for FY 2009/10				\$	111,463.44

ACTUAL AMOUNTS

Current office:		7,080	SQFT		
Approximate Cost per SQFT (July - Dec)	\$	1.31			
Approximate Cost per SQFT (Jan - June)	\$	1.25			
Lease Cost per Month (July - Dec)	\$	9,288.62			
Lease Cost per Month (Jan- June)	\$	8,850.00			
Total Lease Cost (July - Dec)				\$	55,731.72
Total Lease Cost (Jan - June)				\$	53,100.00
Total Lease Cost for FY 2009/10				\$	108,831.72
TOTAL LEASE COST SAVINGS FOR FY 2009/10				\$	(2,631.72)

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$	0.12			
Estimated Utility Costs per Month				\$	849.60
Total Estimated Utility Cost for FY 2009/10				\$	10,195.20
Tenant Improvement Costs			N/A		
RCIT Costs			N/A		
EDA Lease Management Fee (Based @ 3.79%)				\$	4,224.46
Total Estimated Additional Costs included in Budget for FY 2009/10				\$	14,419.66

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$	0.12			
Estimated Utility Costs per Month				\$	849.60
Total Additional Estimated Utility Cost for FY 2009/10 (July - June)				\$	10,195.20
Tenant Improvement Costs			N/A		
RCIT Costs			N/A		
EDA Lease Management Fee (Based @ 3.79%)	\$	4,124.72			
Total Estimated Additional Costs for FY 2009/10				\$	14,319.92
TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2009/10				\$	(99.74)
TOTAL SAVINGS FOR LEASE COST FY 2009/10				\$	(2,731.46)

1 **THIRD AMENDMENT TO LEASE**
2 **1777 Atlanta Avenue, Ste G1, Riverside, California**

3 This **THIRD AMENDMENT TO LEASE** ("Third Amendment") is made as of
4 _____, 2010 by and between the **COUNTY OF RIVERSIDE**, a political
5 subdivision of the State of California ("County"), and **AP-COMMERCE SQUARE LLC**, a
6 California limited liability company formerly known as AP-Santa Maria LLC ("Lessor").

7 **1. Recitals.**

8 a. Lessor (as the successor-in-interest to Wohl/Riverside, LLC, the
9 successor-in-interest to Property Asset Management, Inc.) and County are parties that certain
10 lease dated January 9, 2001, (the "Original Lease") pursuant to which County leased a portion
11 of that certain building located at 1777 Atlanta Avenue, Ste G1, Riverside, California (the
12 "Building"), as more particularly shown on Exhibit "A", attached hereto and made a part hereof.

13 b. The Original Lease has been amended by:

14 i. That certain First Amendment to Lease dated January 27, 2004,
15 (the "First Amendment").

16 ii. That certain Second Amendment to Lease dated December 12,
17 2006, (the "Second Amendment").

18 c. The Original Lease, as heretofore, currently, or hereafter amended,
19 shall hereafter be referred to as the "Lease".

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

22 **2. Capitalized Terms:** Third Amendment to Prevail. Unless defined herein or the
23 context requires otherwise, all capitalized terms herein shall have the meaning defined in the
24 Lease, as heretofore amended. The provisions of this Third Amendment shall prevail over any
25 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 Third Amendment.

3. Lease Term. Section 1 of the Second Amendment to Lease shall be amended
as follows: The term of this Lease shall be extended sixty (60) months commencing on
January 1, 2010 and terminating on December 31, 2014.

4. Rent. Section 2 of the Second Amendment to Lease shall be amended as
follows: Monthly rent shall be paid as follows through the extended term:

<u>Monthly Rent Amount</u>	<u>Time Period</u>
\$8,850.00	January 1, 2010 to December 31, 2010
\$9,115.50	January 1, 2011 to December 31, 2011
\$9,388.97	January 1, 2012 to December 31, 2012
\$9,670.64	January 1, 2013 to December 31, 2013

1 \$9,960.76

January 1, 2014 to December 31, 2014

2 **5. Options to Terminate.** Section 12 Subsection (c) of the Lease shall be
amended in its entirety as follows:

3 (c) In the event that County terminates this lease as provided in Paragraph
4 12(b), County shall pay to Lessor six (6) months of the then current rent should the County
5 terminate in months one (1) through thirty-six (36); and three (3) months rent if terminated in
months thirty-seven (37) through sixty (60), payable in consecutive monthly payments.

6 **6. Improvements by Lessor.** Subsection (d) shall be added to amend Section 9
of the Lease as follows:

7 (d) Following the execution and delivery of this Third Amendment, Lessor
8 shall, at its sole cost and expense (except as provided below as to the relocation of County's
9 phones and computers and related equipment), arrange for the following work (the "Tenant
Improvements") to be performed within the Premises: (1) Re-paint the interior walls within the
Premises, and (2) replace the carpet throughout the Premises.

10 The Tenant Improvement work shall be performed by Landlord's contractor
11 using Building standard materials and in the Building standard manner. At County's request,
12 Landlord's contractors shall move any office furniture and fixtures necessary to complete the
13 Tenant Improvement work, provided, however, County hereby acknowledges and agrees that
14 County shall, at County's sole cost, expense and liability, be responsible for (1) moving any
phones, communications equipment, and computers (including all related wires and cables) in
the Premises out of the way of the contractors performing the painting and carpet
replacement, and (2) replacing same when appropriate.

15 **7. Notices.** Section 13 of the Lease shall be amended as follows. Any notices
16 required or desired to be served by either party upon the other shall be addressed to the
respective parties as set forth below:

17 COUNTY:
18 Economic Development Agency
19 County of Riverside
3403 Tenth Street, Suite 500
Riverside, California 92501

LESSOR:
AP-Commerce Square, LLC
Attn: Asset Manager
310 Golden Shore, #300
Long Beach, California 90802

20 **8.** Except as modified or supplemented by this Third Amendment to Lease, all
provisions of this Lease shall remain in full force and effect.

21 ///
22 ///

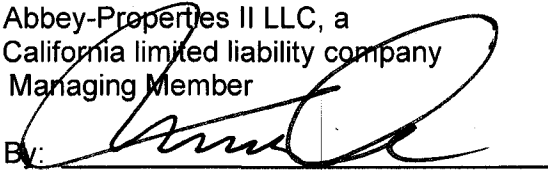
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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

Dated: _____

**AP-COMMERCE SQUARE LLC, a
California limited liability company**

By: Abbey-Properties II LLC, a
California limited liability company
Its: Managing Member



By: _____
Thomas D. Clarke
Its: Vice President & COO

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
Synthia M. Gunzel
Deputy County Counsel

MH:jw
03/31/10
RV119
13.143

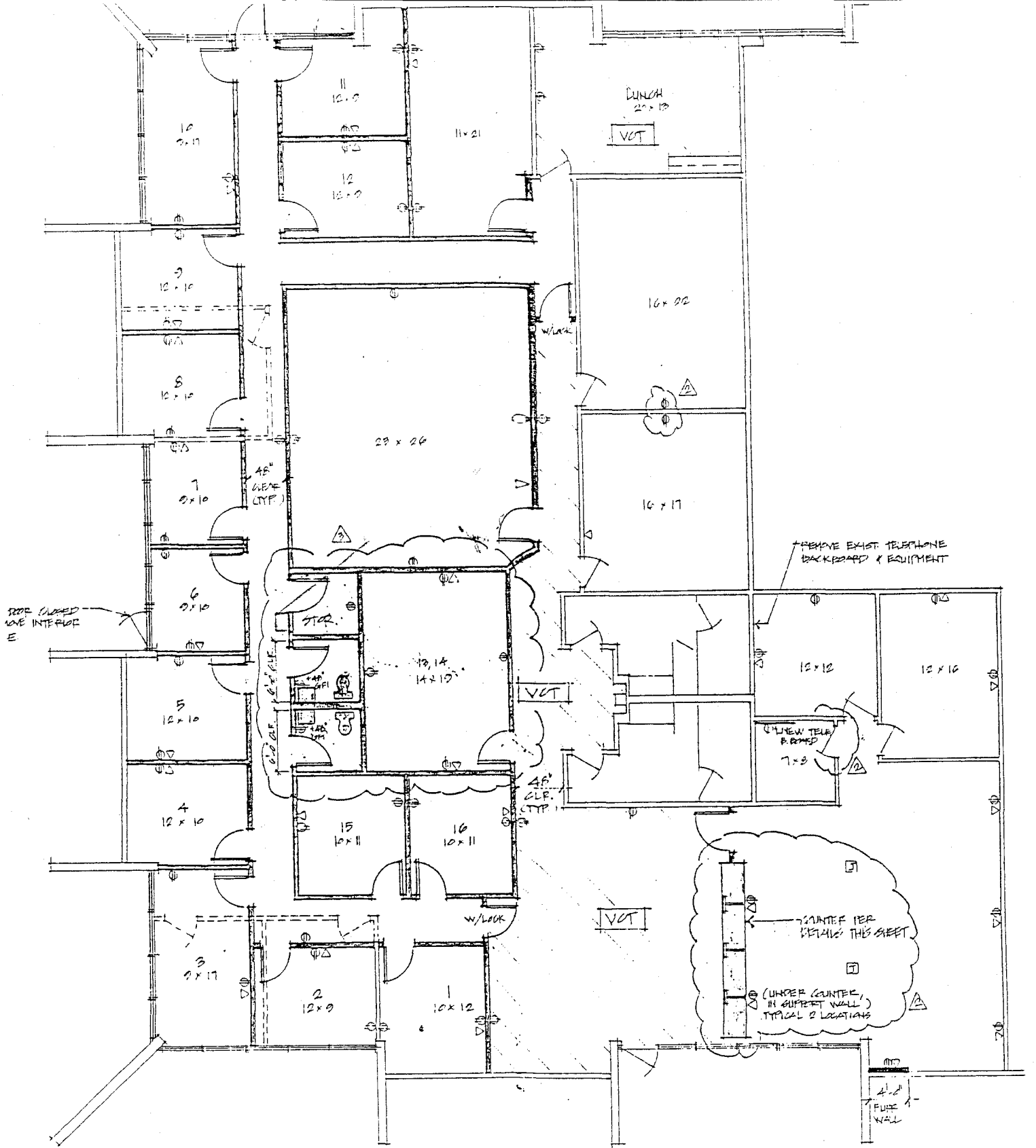


EXHIBIT "A"

1777 Atlanta Avenue, Ste G1, Riverside