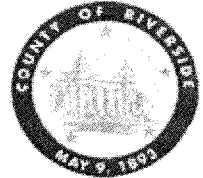


FORM APPROVED COUNTY COUNSEL  
 BY: Synthia M. Gunzel 5-17-10  
 DATE: \_\_\_\_\_  
 SYNTHIA M. GUNZEL

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

104



**SUBMITTAL DATE:**  
 June 3, 2010

**FROM:** Economic Development Agency

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

**RECOMMENDED MOTION:** Department of Mental Health, Riverside

1. Ratify the attached Second 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 6/1/10  
**SAMUEL WONG**

*Robert Field*

Robert Field  
 Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	(\$12,218)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	(\$ 18)	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 735	For Fiscal Year:	09/10

**SOURCE OF FUNDS:** 15.62% Federal, 7.21% State, 54.11% MHSA, 20.32% Grants MOU, .60% 3<sup>rd</sup> Party, 1.99% Other, .15% 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:**

APPROVE

BY: Jennifer L. Sargent  
 Jennifer L. Sargent

County Executive Office Signature

By: Jerry Wengert, Director  
 Department of Mental Health

Consent  Policy

Dept't Recomm.: \_\_\_\_\_  
 Per Exec. Ofc.: \_\_\_\_\_

Prev. Agn. Ref.: 3.9 of 10/19/99; 3.16 of 4/22/08 | District: 1 | Agenda Number: \_\_\_\_\_

ATTACHMENTS FILED  
 WITH THE CLERK OF THE BOARD

3.16

**BACKGROUND:**

This Second Amendment to Lease represents a request from Mental Health to extend the lease for its office located at 1827 Atlanta Avenue, Suite D1 thru D3, Riverside, California, commencing on May 1, 2010 through April 30, 2015. The lease rate continues to be below market, reflects current market conditions and is economically beneficial. This facility continues to meet the requirements of the department.

Lessor: Laguna Hills Allspace, GP  
77-564 Country Club Drive, Suite 100  
Palm Desert, California 92211

Premises Location: 1827 Atlanta Avenue, Suite D1 thru D3, Riverside, California

Size: 28,691 square feet

Term: May 1, 2010 through April 30, 2015

Rent:

	<u>Current</u>	<u>New</u>
	\$ 1.46 per sq. ft.	\$ 1.25 per sq. ft.
	\$ 41,749.45 per month	\$ 35,863.75 per month
	\$500,993.40 per year	\$430,365.00 per year

Rental Adjustments: Three (3%) percent annual increase

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

Custodial Services: Landlord

Maintenance: Landlord

Option to Terminate: Termination for any reason after one (1) year with one hundred-twenty (120) days advance written notice.

Termination Penalty: None

Improvements: None

RCIT Costs: None

**BACKGROUND:** (Continued)

Market Data:	1020-1040 Iowa Avenue, Riverside	\$1.35
	1485 Spruce Street, Riverside	\$1.15

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

**FINANCIAL DATA:**

All associated costs for this Second 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 09/2010. While EDA will front the costs for the Second 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	\$(11,771)
10000-7200400000-572500 – Intra Leases	\$11,771

# Exhibit A

## Department of Mental Health Lease Cost Analysis FY 2009/10 1827 Atlanta Avenue, Suites D1-D3, Riverside, California

**Total Square Footage to be Leased:**

**BUDGETED AMOUNTS**

Current office:		28,691	SQFT	
Cost Per Sq. Ft:	\$		1.46	
Lease Cost per Month			\$ 41,749.45	
<b>Total Lease Cost included in Budget for FY 2009/10</b>			<b>\$ 500,993.40</b>	

**ACTUAL AMOUNTS**

Current office:		28,691	SQFT	
Approximate Cost per SQFT (July - April)				
Base Rent	\$		1.15	
Tenant Improvements	\$		0.31	
<b>Total Rent</b>	<b>\$</b>		<b>1.46</b>	
Approximate Cost per SQFT (May - June)				
Lease Cost per Month (July - April)	\$		41,749.45	
Lease Cost per Month (May - June)	\$		35,863.75	
Total Lease Cost (July -April)			\$ 417,494.50	
Total Lease Cost (May - June)			\$ 71,727.50	
<b>Total Lease Cost for FY 2009/10</b>			<b>\$ 489,222.00</b>	
<b>TOTAL LEASE COST SAVINGS FOR FY 2009/10</b>			<b>\$ (11,771.40)</b>	

**Estimated Additional Costs:**

**BUDGETED AMOUNTS**

Utility Cost per Square Foot	\$		0.12	
Estimated Utility Costs per Month			\$ 3,442.92	
<b>Total Estimated Utility Cost for FY 2009/10</b>			<b>\$ 41,315.04</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>			<b>\$ 18,987.65</b>	
<b>Total Estimated Additional Costs included in Budget for FY 2009/10</b>			<b>\$ 60,302.69</b>	

**ACTUAL AMOUNTS**

Utility Cost per Square Foot	\$		0.12	
Estimated Utility Costs per Month			\$ 3,442.92	
Total Additional Estimated Utility Cost for FY 2009/10 (July - June)			\$ 41,315.04	
<b>EDA Lease Management Fee (Based @ 3.79%)</b>			<b>\$ 18,541.51</b>	
<b>Total Estimated Additional Costs for FY 2009/10</b>			<b>\$ 59,856.55</b>	
<b>TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2009/10</b>			<b>\$ (446.14)</b>	
<b>TOTAL SAVINGS FOR LEASE COST FY 2009/10</b>			<b>\$ (12,217.54)</b>	
<b>Total Net County Cost @ .15%</b>			<b>\$ (18.33)</b>	

# EXHIBIT B

## Department of Mental Health Lease Cost Analysis for FY 2010/11 1827 Atlanta Avenue, Suites D1-D3, Riverside, California

### Current Square Feet Occupied:

Office:	28,691	SQFT		
Cost per Square Foot:	\$	1.25		
Lease Cost per Month (July 1, 2010 - April 30, 2011)			<u>35,863.75</u>	\$ 358,637.50
Cost Per Square Foot:	\$	1.29		
Lease Cost per Month (May 1, 2011 - June 30, 2011)			<u>\$ 36,939.66</u>	
Annual Increase 3%				<u>\$ 73,879.32</u>
<b>Total Estimated Lease Cost for FY 2010/11</b>				<b>\$ 432,516.82</b>
<b><u>Estimated Utility Costs:</u></b>				
Utility Cost per Square Foot	\$	0.12		
Estimated Utility Costs (July 1, 2010 - April 30, 2011)			\$ 34,429.20	
Estimated Utility Costs (May 1, 2011 - June 30, 2011)			\$ 6,885.84	
<b>Total Estimated Utility Cost for FY 2010/11</b>				<b>\$ 41,315.04</b>
<b>EDA Lease Management Fee (Based @ 3.79%)</b>				<b>\$ 16,392.39</b>
<b>Total Estimated Lease Cost FY 2010/11:</b>				<b>\$ 490,224.25</b>
<b>Total Net County Cost @ .15%</b>				<b>\$ 735.34</b>



1           **5. Options to Terminate.** Section 12 Subsection (d) of the Lease shall be  
2 amended as follows:

3           (d) Following the execution and delivery of this Second Amendment,  
4 County shall have the right to terminate this Lease after one year with one hundred twenty  
5 (120) days advance written notice provided state funding is withdrawn for The Department of  
6 Mental Health located at Atlanta Avenue, Riverside, California.

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

10           **COUNTY:**

11           **LESSOR:**

12           Economic Development Agency  
13           County of Riverside  
14           3403 Tenth Street, Suite 500  
15           Riverside, California 92501

16           Laguna Hills Allspace, GP  
17           Dennis French  
18           77-564 Country Club Dr., Suite 100  
19           Palm Desert, California 92211

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

22 ///  
23 ///  
24 ///



