

FORM APPROVED COUNTY COUNSEL
 BY: Synthia M. Gunzel DATE: 8-16-10
 BY: Samuel Wong DATE: 8/19/10
 Reviewed by
 GIP TEAM
 Christopher Hans

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

992



FROM: Economic Development Agency

SUBMITTAL DATE:
 July 29, 2010

SUBJECT: Second Amendment to Lease – Mental Health and Public Defender

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Second Amendment to Lease and authorize the Chairman of the Board of Supervisors (Board) to execute the same on behalf of the County of Riverside (County); and
2. Authorize the Auditor-Controller to adjust the Economic Development Agency's FY 2010/2011 budget as outlined on Schedule A.

BACKGROUND: (Commences on Page 2)

Robert Field

Robert Field
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	(\$ 122,292)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	(\$ 31,796)	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 222,297	For Fiscal Year:	2010/11
SOURCE OF FUNDS: Public Defender: General Fund 26%; Mental Health: Federal 2.39%, State 69.9%, Grants/MOU 1.38%, 3 rd Party 0.33%			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 L. Sargent*
 Jennifer L. Sargent

County Executive Office Signature

Dep't Recomm.: ☐ Consent ☒ Policy
 Per Exec. Ofc.: ☐ Consent ☒ Policy

Prev. Agn. Ref.: 3.33 of 1/23/2007;
 3.24 of 6/26/2007

District: 2

Agenda Number:

ATTACHMENTS FILED
 WITH THE CLERK OF THE BOARD

3.34

BACKGROUND:

The County of Riverside has a lease agreement for 31,125 square feet of office space located at 3801 University Avenue, Suite 350, 360 & 400, Riverside, that was originally negotiated for the Probation Department who had to vacate early due to their move to Regency Towers. This second amendment to Lease represents a lease rate reduction of 17% which has been negotiated by the Economic Development Agency, Real Estate Division (EDA), effective July 1, 2010. In order to fulfill our obligations to the original lease, the Public Defender, Capital Defenders Division, will be occupying Suite 350, which consists of approximately 8,075 square feet. The Mental Health Department's Mental Health Services Act (MHSA) and Quality Management Program, will occupy the remaining Suites 360 and 400, consisting of approximately 23,050 square feet. The term of the lease has been extended an additional five years, commencing on July 1, 2010, and terminating on June 30, 2015. EDA's Real Estate Division has negotiated two separate MOU's with Department of Mental Health and the Public Defender's office. The terms of the lease amendment are as follows:

Lessor:	Chippewa Enterprises Inc 13425 Riverside Drive, 6 th Floor Sherman Oaks, California 91423	
Premises Location:	3801 University Avenue, Suite 350, 360 & 400 Riverside, California 92501	
Size:	31,125 square feet, combined	
Term:	Five (5) year lease extension effective as of July 1, 2010	
Rent:	<u>Current Rent</u> \$ 2.48 per square foot \$ 77,190.00 per month \$926,280.00 per year	<u>New Rent</u> \$ 2.05 per square foot \$ 63,806.25 per month \$765,675.00 per year
	Savings per Square Foot:	17% decrease
	Savings per Month:	\$ 13,383.75 per month
	Savings per Year:	\$160,605.00 per year
Rental Adjustments:	2% annually increase with four (4) one (1) year options to renew lease	
Utilities:	Included in the rent	
Parking:	\$3,700 per month (74 spaces @ \$50.00 per space – 51 spaces at no additional cost which are included in the rental rate above totaling 125 parking spaces,) plus 100 additional parking spaces for meeting attendees at prevailing parking rates.	

BACKGROUND: (Continued)

Improvements: \$82,226.00

RCIT: \$149,000.00

The attached second amendment to lease agreement has been reviewed and approved by County Counsel as to legal form.

FINANCIAL DATA:

All associated costs for this second amendment to lease agreement will be fully funded through the Public Defender and Mental Health Department. Public Defender and Mental Health Department have budgeted these costs in FY 2010/11. While EDA will front the costs for the second amendment to lease with the property owners, Public Defender and Mental Health Department will reimburse EDA for all associated lease costs.

Schedule A

Decrease Appropriations:

47220-7200400000-526700 – Rent/Lease Buildings	\$160,605
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Decrease Estimated Revenue:

47220-7200400000-777330 – Leasing Services	\$160,605
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Exhibit A

Metro Center Lease Cost Analysis FY 2010/11 3801 University Avenue, Suite 350, 360 & 400, Riverside, California

Total Square Footage to be Leased:

BUDGETED AMOUNTS

Current office:	31,125	SQFT		
Cost Per Sq. Ft:	\$	2.48		
Lease Cost per Month			\$	77,190.00
Total Lease Cost included in Budget for FY 2010/11			\$	926,280.00

ACTUAL AMOUNTS

Current office:	31,125	SQFT		
Approximate Cost per SQFT (July - June)	\$	2.05		
Lease Cost per Month (July - June)	\$	63,806.25		
Total Lease Cost (July - June)			\$	765,675.00
Total Lease Cost for FY 2010/11			\$	765,675.00
TOTAL LEASE COST SAVINGS FOR FY 2010/11			\$	(160,605.00)

Estimated Additional Costs:

BUDGETED AMOUNTS

Tenant Improvement Costs	\$	82,226.00		
RCIT Costs	\$	149,000.00		
EDA Lease Management Fee (Based @ 3.79%)			\$	35,106.01
Total Estimated Additional Costs included in Budget for FY 2010/11			\$	266,332.01

ACTUAL AMOUNTS

Tenant Improvement Costs	\$	82,226.00		
RCIT Costs	\$	149,000.00		
Parking Cost per month	\$	3,700.00		
			\$	44,400.00
			\$	44,400.00
EDA Lease Management Fee (Based @ 3.79%)			\$	29,019.08
Total Estimated Additional Costs for FY 2010/11			\$	304,645.08
TOTAL ESTIMATED ADDITIONAL COST FOR FY 2010/11			\$	38,313.07
TOTAL ADDITIONAL COST FOR LEASE COST SAVINGS FY 2010/11			\$	(122,291.93)
TOTAL COUNTY COST SAVINGS AT 26%**			\$	(31,795.90)

Exhibit B

Metro Center Lease Cost Analysis FY 2011/12 3801 University Avenue, Suite 350, 360 & 400, Riverside, California

Current Square Feet Occupied:

Office: 31,125 SQFT

Cost per Square Foot:

Lease Cost per Month (July 1, 2011 - June 30, 2012) \$ 65,082.38

Total Estimated Lease Cost for FY 2011/12 \$ 780,988.56

Estimated Utility Costs:

Utility Cost per Square Foot N/A

Estimated Utility Costs per Month (July 1, 2011 - June 30, 2012) N/A

Total Estimated Utility Cost for FY 2011/12 N/A

Parking Cost per month \$ 3,700.00 \$ 44,400.00

EDA Lease Management Fee (Based @ 3.79%) \$ 29,599.47

Total Estimated Lease Cost FY 2011/12 \$ 854,988.03

TOTAL COUNTY COST AT 26% \$ 222,296.89**

3801 University Avenue, Suites 350, 360 & 400, Riverside, California
(County of Riverside and Chippewa Enterprises, Inc.)

1. Recitals.

a. **Exercise of Option.** The Extension Options shall be exercised by County delivering to Lessor written notice thereof no later than sixty (60) days prior to the expiration of this Second Amendment to Lease or any extension thereof.

1 b. **Option Rent.** The monthly rent payable by County during any extended
2 term shall be increased by the percentage change in the Consumer Price Index (CPI) over the
3 rental for the previous year. The monthly rent shall be adjusted on each annual anniversary
4 date of July 1st of this Second Amendment to Lease by an amount equal to the percentage
5 differential between the then current Consumer Price Index (CPI) (Los Angeles-Anaheim-
6 Riverside, All Urban Consumers All Items published monthly by the U.S. Department of Labor)
for the month in which such anniversary occurs and the Consumer Price Index for the same
month in the preceding year. If the Consumer Price Index (CPI) is discontinued or revised
during the option term, such other government index or computation with which it is replaced
shall be used in order to obtain substantially the same result as would be obtained if the index
had not been discontinued.

7 c. **Other Terms and Conditions.** All the other terms and conditions
8 of the lease as they apply shall remain the same.

9 **6. Tenant Improvements.** Lessor shall complete the following Tenant
10 Improvements:

11 a. Install demising partitions as shown on Exhibit "A" to this amendment,
12 separating the space into two suites.

13 b. Separate HVAC and electrical circuits to each suite respectively.

14 c. Create new break room with coffee bar, sink, refrigerator location and
15 related millwork as shown on Exhibit "A."

16 d. Paint throughout premises, install new carpet over vinyl flooring where
17 requested, and clean carpets.

18 The cost for the above referenced Tenant Improvements shall not exceed the sum of
19 Eighty Two Thousand Two Hundred Twenty Six Dollars (\$82,226.00) which includes a Seven
Thousand Four Hundred Seventy Five Dollars (\$7,475.00) contingency for any additional work
requested by the County. Lessor shall provide County with an itemized statement of the cost
of improvements within thirty (30) days after the completion and acceptance of the
improvements. Upon receipt of the itemized statement, County shall pay said Eighty Two
Thousand Two Hundred Twenty Six Dollars (\$82,226.00) or the reduced adjustment amount to
Lessor by a County warrant as soon as said warrant can be processed and issued to Lessor.

20 **7. County's Representative.** Section 19.7 of Original Lease is hereby amended
21 in its entirety as follows: County hereby appoints the Assistant County Executive Officer of the
Economic Development Agency as its authorized representative to administer this Lease.

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1 8. **Notices.** Section 19.18 of the Original Lease is hereby amended as follows:

2 Information Copy to:

3 County of Riverside
4 Economic Development Agency
5 Real Estate Division
6 3403 Tenth Street, Suite 500
7 Riverside, California 92501

8 9. **Capitalized Terms:** Second Amendment to Prevail. Unless defined herein or
9 the context requires otherwise, all capitalized terms herein shall have the meaning defined in
10 the Lease, as heretofore amended. The provisions of this Second Amendment shall prevail
11 over any inconsistency or conflicting provisions of Original Lease, as heretofore amended, and
12 shall supplement the remaining provisions thereof. The Original Lease remains in full force
13 and effect except to the extent amended by this Second Amendment.

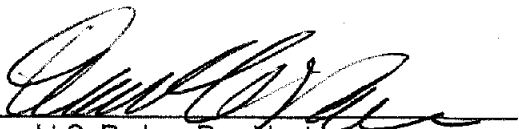
14 10. This Second Amendment to Original Lease shall not be binding or
15 consummated until it is executed by the County's Board of Supervisors.

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1 IN WITNESS WHEREOF, the parties have executed this Amendment as of the date
2 first written above.

3 Dated: _____

4 **CHIPPEWA ENTERPRISES, INC.**
5 **A California corporation**

6 By: 
7 Donald C. Parker, President

8
9 **COUNTY OF RIVERSIDE**

10
11 By: _____
12 Marion Ashley, Chairman
13 Board of Supervisors

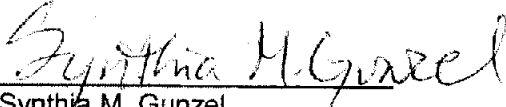
14 **ATTEST:**

15 Kecia Harper-Ihem
16 Clerk of the Board

17 By: _____
18 Deputy

19 **APPROVED AS TO FORM:**

20 Pamela J. Walls
21 County Counsel

22 By: 
23 Synthia M. Gunzel
24 Deputy County Counsel

25
CE:jg
08/04/10
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