

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

*202*



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
September 16, 2010

**SUBJECT:** First Amendment to Lease – Community Health Agency, Corona

**RECOMMENDED MOTION:** That the Board of Supervisors ratify the attached First Amendment to Lease and authorize the Chairman of the Board to execute the same on behalf of the County, and Authorize the Auditor-Controller to adjust Economic Development Agency, Real Estate Division's FY 2010/11 budget as set out on Schedule A.

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

FISCAL PROCEDURES APPROVED  
ROBERT E. BYRD, AUDITOR-CONTROLLER

*Robert Field*

BY *Samuel Wong 9/16/10*  
SAMUEL WONG

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	(\$12,114)	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:** No

<b>SOURCE OF FUNDS:</b> Federal USDA WIC Fund	<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

*Jennifer Sargent*

**County Executive Office Signature**

Jennifer Sargent

- Dep't Recomm.:  Consent
- Per Exec. Ofc.:  Consent
- Policy
- Policy

FORM APPROVED COUNTY COUNSEL  
BY: *Synthia M. Gunzel 9-16-10*  
SYNTHIA M. GUNZEL

**3.26**

**BACKGROUND:**

On August 9, 1996, the County entered into a lease for the Community Health Agency at 1307 W. Sixth Street, Suites 123 - 126, in Corona. This facility is occupied by Community Health Agency's Women, Infant, and Children (WIC) Nutrition Center. The leased space continues to meet the needs of the department.

In an effort to assist Community Health Agency on achieving their goals, and to reduce overhead costs, the Real Estate Division has negotiated the following lease terms: A five year renewal at a reduced rate of \$1.30 per square foot, as compared to the current rate of \$1.51 per square foot. This lease negotiation provides an annual rent reduction of 14%, which equates to a cost savings of over \$14,000 per year. The annual rent escalator has also been reduced from 4% to 3% for an additional 1% annual savings. In addition, tenant improvements in the amount of \$20,000 are at lessor's sole cost and expense.

This newly negotiated lease provides the department with an overall savings of more than \$72,000 for the full term of the lease. The combined negotiated terms will provide Community Health Agency with valuable resources to fund other WIC programs.

Lessor: New Exchange, Inc., a California Corporation

Premises Location: 1307 W. Sixth Street, Suites 123-126, Corona, California

Size: 5,733 square feet

Term: Five (5) years, July 1, 2009 through June 30, 2014.

Rent:	<u>Current</u>	<u>New</u>
	\$ 1.51 per sq. ft.	\$ 1.30 per sq. ft.
	\$ 8,656.83 per month	\$ 7,452.90 per month
	\$103,881.96 per year	\$ 89,434.80 per year

Cost Savings:	Rent Reduction:	14%
	Annual Rate Decrease:	From 4 % to 3%
	Savings Per Month:	\$ 1,203.93
	Savings Per Year:	\$14,447.16
	Savings Per Term of Lease:	\$72,235.80
	Savings on Tenant Improvements:	\$20,000.00

Market Data:	2275 S. Main Street, Corona	\$2.14 psf
	355 E. Rincon Street, Corona	\$1.75 psf
	770 Magnolia Avenue, Corona	\$2.00 psf

Rental Adjustments: Three percent (3%) on each anniversary date, July 1<sup>st</sup>.

Utilities: County pays phone and electric

**BACKGROUND:** (Continued)

Custodial Services: Lessor

Maintenance: Lessor

Improvements: Lessor

RCIT Costs: None

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

**FINANCIAL DATA:**

All associated costs for this Lease will be fully reimbursed by Community Health Agency through Federal USDA WIC Funds. Community Health Agency has budgeted for these costs in FY 2010/11.

## Schedule A

Decrease Appropriations:

47220-7200400000-526700 - Rent/Lease Buildings	\$11,671
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Decrease Estimated Revenue:

47220-7200400000-777330 – Leasing Services	\$11,671
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# Exhibit A

## Community Health Agency Lease Cost Analysis FY 2010/11 1307 W. Sixth Street, Suites 123-126, Corona California

**Total Square Footage to be Leased:**

**BUDGETED AMOUNTS**

Current office:		5,733 SQFT	
Cost Per Sq. Ft:	\$	1.51	
Lease Cost per Month		\$ 8,649.09	
<b>Total Lease Cost included in Budget for FY 2010/11</b>		<b>\$ 103,789.08</b>	

**ACTUAL AMOUNTS**

Current office:		5,733 SQFT	
Approximate Cost per SQFT (July - June)	\$	1.34	
Lease Cost per Month (July - June)	\$	7,676.49	
Total Lease Cost (July - June)		\$ 92,117.88	
<b>Total Lease Cost for FY 2010/11</b>		<b>\$ 92,117.88</b>	
<b>TOTAL LEASE COST SAVINGS FOR FY 2010/11</b>		<b>\$ (11,671.20)</b>	

**Estimated Additional Costs:**

**BUDGETED AMOUNTS**

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		\$ 687.96	
<b>Total Estimated Utility Cost for FY 2010/11</b>		<b>\$ 8,255.52</b>	
<b>Tenant Improvement Costs</b>		<b>N/A</b>	
<b>RCIT Costs</b>		<b>N/A</b>	
EDA Lease Management Fee (Based @ 3.79%)		\$ 3,933.61	
<b>Total Estimated Additional Costs included in Budget for FY 2010/11</b>		<b>\$ 12,189.13</b>	

**ACTUAL AMOUNTS**

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		\$ 687.96	
<b>Total Additional Estimated Utility Cost for FY 2010/11 (July - June)</b>		<b>\$ 8,255.52</b>	
<b>Tenant Improvement Costs</b>		<b>N/A</b>	
<b>RCIT Costs</b>		<b>N/A</b>	
EDA Lease Management Fee (Based @ 3.79%)		\$ 3,491.27	
<b>Total Estimated Additional Costs for FY 2010/11</b>		<b>\$ 11,746.79</b>	
<b>TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2010/11</b>		<b>\$ (442.34)</b>	
<b>TOTAL SAVINGS FOR LEASE COST FY 2010/11</b>		<b>\$ (12,113.54)</b>	

**FIRST AMENDMENT TO LEASE**  
(Community Health Agency,  
1307 W. Sixth Street, Suites 123-126, Corona, California)

This First Amendment to Lease ("First Amendment") is made as of \_\_\_\_\_, 2010, by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County"), and **NEW EXCHANGE, INC.**, a California Corporation ("Lessor").

**Recitals**

A. Lessor and County have entered into that certain Lease, dated October 21, 2003, ("Original Lease") pursuant to which Lessor has agreed to lease to County and County has agreed to lease from Lessor real property located within that certain office building located at 1307 W. Sixth Street, Suites 123 – 126, Corona, California, consisting of approximately five thousand seven hundred thirty three (5,733) square feet, ("Leased Premises"), as more particularly shown on Exhibit "A" attached to the Lease.

B. The term of the Original Lease expired on July 6, 2009 and the Lease has become a month to month tenancy.

C. Lessor and County desire to amend the Lease on the terms and conditions set forth herein. The Original Lease together with this Amendment are collectively sometimes referred to herein as the "Lease".

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

**1. Term.** Section 3 of the Original Lease is hereby amended as follows:

The Lease term is for a period of five (5) years commencing on July 1, 2009, and shall expire at midnight on June 30, 2014.

**2. Rent.**

a. Section 5(a) is hereby amended as follows: The rent for the Leased Premises for the extended term of five (5) years shall be Seven Thousand Four Hundred Fifty Two Dollars and Ninety cents (\$7,452.90) per month, payable on the first day of each and every month.

b. Section 5(b) of the Lease is hereby deleted in its entirety.

c. Section 5(c) is hereby amended as follows: For the extended term, the rent shall be increased annually by three percent (3%) on each anniversary of the First Amendment to Lease beginning with the second lease year of the extended term.

**3. Options to Extend.** Section 4 of the Original Lease shall be deleted in its entirety.

1           **4. Improvements by Lessor.** Section 9(a) of Original Lease is hereby  
2 amended as follows:

3           Lessor, at its sole cost and expense, shall provide the following Tenant Improvements  
4 as more particularly described on Exhibit "B", attached hereto and by this reference  
5 incorporated herein.

6           **5. Miscellaneous.** Except as amended or modified herein, all the terms of  
7 the Original Lease shall remain in full force and effect and shall apply with the same force and  
8 effect to this Amendment except provisions in the Original Lease, if any, related to tenant  
9 improvements, tenant improvement allowance, free or abated rent and options of any  
10 kind. Lessor shall not be bound by this Amendment until Lessor has executed and delivered  
11 this Amendment to County, notwithstanding County's execution and delivery of this  
12 Amendment to Lessor. Time is of the essence in this Amendment and the Lease and each  
13 and all of their respective provisions. Subject to the provisions of the Lease as to assignment,  
14 the agreements, conditions and provisions herein contained shall apply to and bind the heirs,  
15 executors, administrators, successors and assigns of the parties hereto. If any provisions of  
16 this Amendment or the Lease shall be determined to be illegal or unenforceable, such  
17 determination shall not affect any other provision of the Lease and all such other provisions  
18 shall remain in full force and effect. The language in all parts of the Lease shall be construed  
19 according to its normal and usual meaning and not strictly for or against either Lessor or  
20 County. Neither this Amendment, nor the Original Lease, nor any notice nor memorandum  
21 regarding the terms hereof, shall be recorded by County. Any such unauthorized recording  
22 shall give Lessor the right to declare a breach of the Lease and pursue the remedies provided  
23 for therein.  
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26           IN WITNESS WHEREOF, the parties have executed this Amendment as of the date  
27 first written above.

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

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

**NEW EXCHANGE, INC.**, a California corporation

By: *Jacqueline S. Miller*  
Jacqueline S. Miller, President

**COUNTY OF RIVERSIDE**, a political subdivision of the State of California

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

CC:jw  
07/07/10  
CR018  
13.008

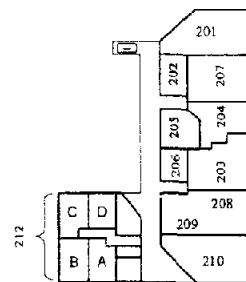
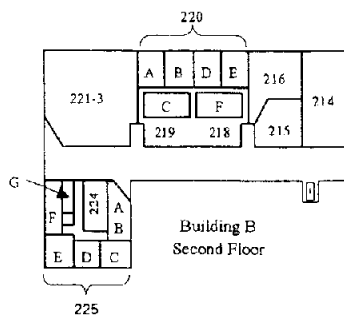
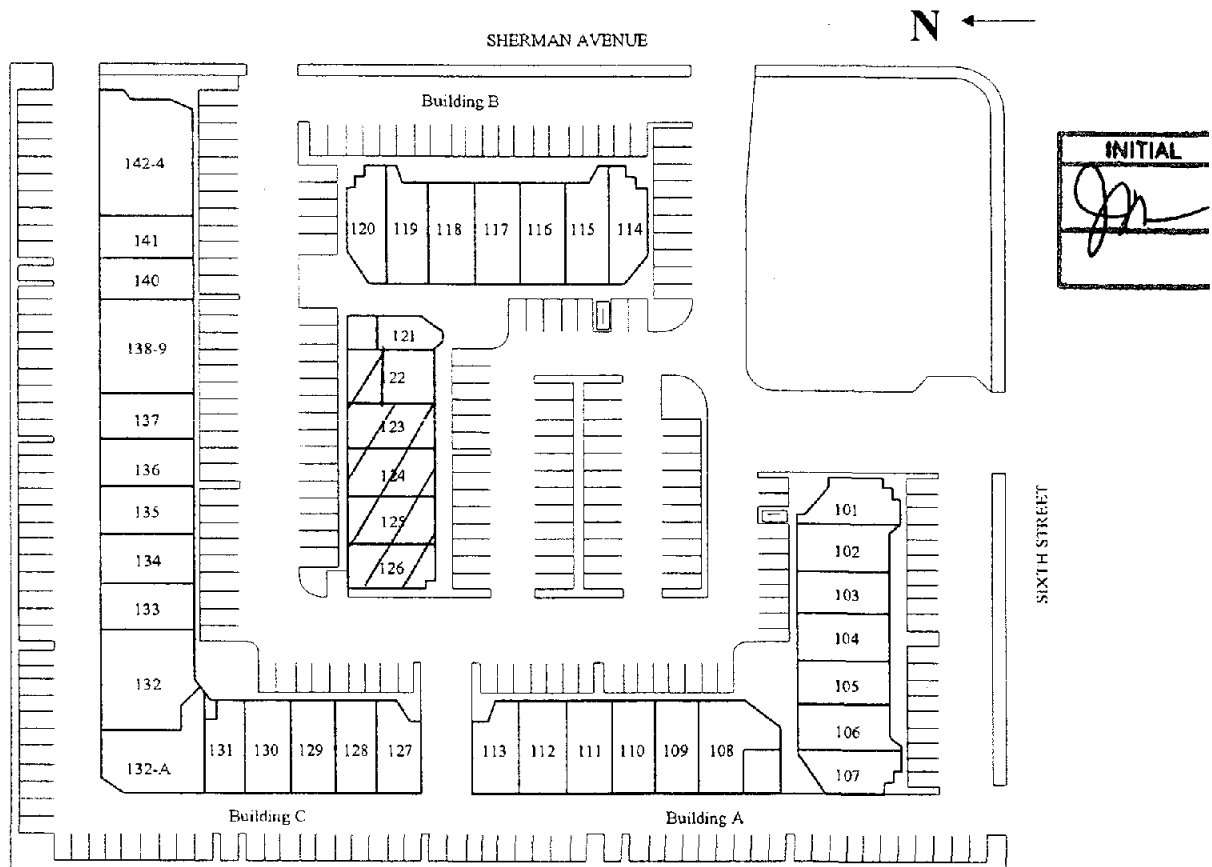
**HERE  
SIGN**



THE NEW EXCHANGE  
 1307 West Sixth Street  
 Corona, California 92882

Exhibit "A"

This Exhibit forms a part of the Lease between New Exchange, Inc., Landlord, and County of Riverside, Tenant, dated September 12, 2003.



Building A

## **Exhibit "B"** **(Tenant Improvements)**

1. Integrate a 6" w x 20" high glass window into the door in the waiting area.
2. Re-key the employee restroom door, unique key set w/key hole facing the exterior.
3. Replace VCT flooring in the employee restroom.
4. Add employee only door signage on (print room door).
5. Toilet paper dispenser covers (match to County Standards) all restrooms.
6. Lift carpet stain or replace carpet in classroom if unable to remove stains.
7. Repair water damage to wall in ceiling in the weight and measure room.
8. Refinish dutch door with lacquer/stain and add metal kick plate on both sides of the door.
9. Add chair rail to the lobby walls.
10. Replace base plate mechanism on lobby door (door does not close or seal properly).
11. Add conduit in support of new data/voice jack connection – conduit  $\frac{3}{4}$ " thick. Add 110V electrical outlet in (Sr. Nutritionist office).
12. Change door signage to reflect new WIC logo.
13. Relocate the motion paper towel dispenser to the left of the sink in the HAS workstation.