

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

323



FROM: Economic Development Agency

SUBMITTAL DATE:
September 23, 2010

SUBJECT: Fifth Amendment to Lease – Department of Mental Health, San Jacinto

RECOMMENDED MOTION: That the Board of Directors:

1. Ratify the attached Fifth Amendment to Lease and authorize the Chairman of the Board to execute same on behalf of the County of Riverside; and
2. Authorize the Auditor-Controller to adjust the Economic Development Agency's FY 2010/11 budget as outlined on Schedule A.

BACKGROUND: (Commences on Page 2)

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, AUDITOR-CONTROLLER
BY: Samuel Wong 9/24/10
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

| | | | | |
|-----------------------|-------------------------------|------------|-------------------------|---------|
| FINANCIAL DATA | Current F.Y. Total Cost: | \$ (3,736) | 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

| | | |
|--|----------------------------------|-------------------------------------|
| SOURCE OF FUNDS: 48.79% Federal, 50.49% State, .72% 3 rd Party | 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.: 3.27 of 7/27/93; 3.22 of 6/23/89; 3.28 of 8/13/02;
3.43 of 8/24/04; 3.21 of 10/6/07

District: 3

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.10

Maria T. Mabey, Asst Director
 Riverside Co Dept of Mental Health
 Cynthia M. Gunzel
 Departmental Concurrence
 9/26/10

BACKGROUND:

This Fifth Amendment to Lease represents a request from Mental Health to extend the lease for its office located at 950 N. Ramona Boulevard, Suites 1-3, San Jacinto, California, commencing on September 1, 2010 through August 31, 2012. This facility continues to meet the requirements of the department. The Real Estate Division has negotiated a 2 year lease renewal with a 7% rental rate reduction.

Lessor: LA AVALON APTS, LLC
 P.O. Box 491099
 Los Angeles, California 90049

Premises Location: 950 N. Ramona Blvd., #1-3, San Jacinto, California

Size: 3,600 sq. ft.

Term: September 1, 2010 through August 31, 2012

| | | |
|-------|-----------------------|-----------------------|
| Rent: | <u>Current</u> | <u>New</u> |
| | \$ 1.45 per sq. ft. | \$ 1.35 per sq. ft. |
| | \$ 5,220.00 per month | \$ 4,860.00 per month |
| | \$62,640.00 per year | \$ 58,320.00 per year |

Savings

| | |
|-------------|------------|
| Per Sq. Ft. | \$.10 |
| Per Month | \$ 360.00 |
| Per Year | \$4,320.00 |

Rental Adjustments: None

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

Custodial Services: Landlord

Maintenance: Landlord

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

Improvements: None

RCIT Costs: None

| | | |
|--------------|---|--------|
| Market Data: | 1330 S. State Street, San Jacinto | \$1.43 |
| | 1497 S. San Jacinto Street, San Jacinto | \$2.00 |

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

FINANCIAL DATA:

All associated costs for this Fifth 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 2010/11. This fifth amendment is only to increase term, there will be no financial impact, but if there is, then the Economic Development Agency (EDA) will front the costs for the Fifth Amendment to Lease with the property owners, the Department of Mental Health will reimburse EDA for all association lease costs.

Attachment: Exhibit A

Schedule A

Decrease Appropriations:

| | |
|--|---------|
| 47220-7200400000-526700 – Rent/Lease Buildings | \$3,600 |
|--|---------|

Decrease Estimated Revenues:

| | |
|--|---------|
| 47220-7200400000-777330 – Leasing Services | \$3,600 |
|--|---------|

Exhibit A

Department of Mental Health Lease Cost Analysis FY 2010/11 950 N. Ramona Blvd., Suites 1-3, San Jacinto, California

Total Square Footage to be Leased:

BUDGETED AMOUNTS

| | | | | | |
|---|----|-------|------|----------|------------------|
| Current office: | | 3,600 | SQFT | | |
| Cost Per Sq. Ft: | \$ | | 1.45 | | |
| Lease Cost per Month | | | \$ | 5,220.00 | |
| Total Lease Cost included in Budget for FY 2010/11 | | | | \$ | 62,640.00 |

ACTUAL AMOUNTS

| | | | | | |
|--|----|-------|------|----------|-------------------|
| Current office: | | 3,600 | SQFT | | |
| Approximate Cost per SQFT (July - Aug) | \$ | | 1.45 | | |
| Approximate Cost per SQFT (Sept - June) | \$ | | 1.35 | | |
| Lease Cost per Month (July -Aug) | \$ | | | 5,220.00 | |
| Lease Cost per Month (Sept -June) | \$ | | | 4,860.00 | |
| Total Lease Cost (July - Aug) | | | | \$ | 10,440.00 |
| Total Lease Cost (Sept- June) | | | | \$ | 48,600.00 |
| Total Lease Cost for FY 2010/11 | | | | \$ | 59,040.00 |
| TOTAL LEASE COST SAVINGS FOR FY 2010/11 | | | | \$ | (3,600.00) |

Estimated Additional Costs:

BUDGETED AMOUNTS

| | | | | | |
|---|----|--|------|----|-----------------|
| Utility Cost per Square Foot | \$ | | 0.12 | | |
| Estimated Utility Costs per Month | | | | \$ | 432.00 |
| Total Estimated Utility Cost for FY 2010/11 | | | | \$ | 5,184.00 |
| Tenant Improvement Costs | | | | | N/A |
| RCIT Costs | | | | | N/A |
| EDA Lease Management Fee (Based @ 3.79%) | | | | \$ | 2,374.06 |
| Total Estimated Additional Costs included in Budget for FY 2010/11 | | | | \$ | 7,558.06 |

ACTUAL AMOUNTS

| | | | | | |
|---|----|--|------|----|-------------------|
| Utility Cost per Square Foot | \$ | | 0.12 | | |
| Estimated Utility Costs per Month | | | | \$ | 432.00 |
| Total Additional Estimated Utility Cost for FY 2010/11 | | | | \$ | 5,184.00 |
| EDA Lease Management Fee (Based @ 3.79%) | | | | \$ | 2,237.62 |
| Total Estimated Additional Costs for FY 2010/11 | | | | \$ | 7,421.62 |
| TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2010/11 | | | | \$ | (136.44) |
| TOTAL SAVINGS FOR LEASE COST FY 2010/11 | | | | \$ | (3,736.44) |

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FIFTH AMENDMENT TO LEASE
950 N. Ramona Boulevard, Suites 1-3, San Jacinto, California

This **FIFTH AMENDMENT TO LEASE** ("Fifth Amendment") is made as of _____, 2010 by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County"), and **LA AVALON APTS, LLC**, ("Lessor").

1. Recitals.

a. Lessor (as the successor-in-interest to Alfred Fikse) and County entered into that certain lease dated July 27, 1993, (the "Original Lease") pursuant to which County leased a portion of that certain building located at 950 North Ramona Boulevard, San Jacinto, California (the "Building"), as more particularly shown on Exhibit "A", attached hereto and made a part hereof.

b. The Original Lease has been amended by:

i. That certain First Amendment to Lease dated June 23, 1998, (the "First Amendment").

ii. That certain Second Amendment to Lease dated August 13, 2002, (the "Second Amendment").

iii. That certain Third Amendment to Lease dated August 24, 2004, (the "Third Amendment").

iv. That certain Fourth Amendment to Lease dated October 16, 2007, (the "Fourth Amendment").

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

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

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

3. Lease Term. Section 1 of the Fourth Amendment to Lease shall be amended as follows: The term of this Lease shall be extended twenty-four (24) months commencing on September 1, 2010 and terminating on August 31, 2012.

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1 **4. Rent.** County shall pay to Lessor the monthly sums as rent for the leased
2 premises during the term of this Lease as indicated below:

| <u>Monthly Amount</u> | <u>Year</u> |
|-----------------------|--------------------------------------|
| \$4,860.00 | September 1, 2010 to August 31, 2012 |

3
4 **5. Options to Terminate.** Section 12 Subsection (d) of the Lease shall be
5 amended in its entirety as follows:

6 (d) Following the execution and delivery of this Fifth Amendment, County shall
7 have the right to terminate this Lease for any reason after (1) year by giving Lessor sixty (60)
8 days advance written notice.

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

12 **COUNTY:**

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

17 **LESSOR:**

18 LA AVALON APTS, LCC
19 P.O. Box 491099
20 Los Angeles, California 90049

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

23 ///
24 ///
25 ///

950 S. Ramona Blvd, San Jacinto, CA

