

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

303



FROM: Economic Development Agency

SUBMITTAL DATE:
September 23, 2010

SUBJECT: Third Amendment to Lease – Department of Public Social Services, Cathedral City

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Third Amendment to Lease and authorize the Chairman to execute the same on behalf of the County of Riverside; and
2. Authorize the Auditor-Controller to adjust the Economic Development Agency's (EDA) FY 2010/11 budget as set out on Schedule A.

BACKGROUND: (Commences on Page 2)

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, AUDITOR-CONTROLLER

BY: Samuel Wong 9/22/10
SAMUEL WONG

Robert Field

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$57,478	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 2,874	Budget Adjustment:	Yes
	Annual Net County Cost:	\$16,862	For Fiscal Year:	2010/11

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: Federal 47%; State 34%; County 5%; Realignment 14%	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
County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: Synthia G. Gaxiola 9-26-10
DATE: _____
SYNTHIA G. GAXIOLA, COUNTY COUNSEL

By: Susan Loew
Susan Loew, Director
Department of Public Social Services

Dept't Recomm.: Consent Policy
 Per Exec. Ofc.: Consent Policy

BACKGROUND:

The Department of Public Social Services has occupied space for their Adult and Child Protective Services programs at 68625 Perez Road, Suites 1, 2, & 3, since February, 2000. The location continues to be desired for client services and this Third Amendment to Lease is for a lease renewal with a reduced square footage due to recent staff relocations and facility consolidations. Due to program changes, suites 2 & 3 will be for use by the DPSS 'Greater Avenues for Independence (GAIN) staff utilization under a different lease. Tenant improvements will be completed to update the space at a cost not-to-exceed \$65,000.

Location: 68625 Perez Road, Suite 1
Cathedral City, CA

Lessor: Terry William Ireland
dba T W Investments
c/o Capri Realty
78-100 Main Street, Suite 205
La Quinta, CA 92253

Size: Reduced from 20,448 to 15,648 square feet

Term: Extended until April 30, 2013.

Rent:	Current - 20,448 sf	New – 15,648 sf
	\$ 1.24 per sq.ft.	\$ 1.33 per sq.ft. Mod. Gross
	\$ 25,386.62 per month	\$ 20,812.00 per month
	\$304,639.44 per year	\$249,744.00 per year

Rental Adjustments: Three (3%) percent increase at month 18.

Utilities: County shall pay for telephone and electric services. Lessor to pay for all other utility services.

Custodial: Lessor provides and County pays \$2,347.20 per month in addition to base rent. Cost to be reviewed annually and adjusted as needed.

Interior/Exterior Maintenance: Provided by Lessor

Improvements: Not to exceed \$65,200.00. County to reimburse Lessor in three (3) payments within three fiscal years.

Market Data:	68615 Perez Road	\$1.47 per sq. ft.
	68625 Perez Road	\$1.37 per sq. ft.
	997 E. Tahquitz Canyon Way	\$1.60 per sq. ft.

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

FINANCIAL DATA: (Commences on Page 3)

FINANCIAL DATA:

All associated costs for this lease will be fully funded through the DPSS' budget. DPSS has budgeted for these costs in FY 2010/11; however, the Economic Development Agency requires a budget adjustment to its FY 2010/11 budget to cover related transactional costs with the property owner. While EDA will front the costs for this lease with the property owner, DPSS will reimburse EDA for all associated lease costs.

Schedule A

Increase Appropriations:

47220-7200400000-526700 – Rent/Lease Buildings \$ 12,521

47200-7200200000-520820 – Janitorial Services \$ 21,125

Increase Estimated Revenues:

47200-7200200000-777150 – Custodial \$ 21,125

47220-7200400000-777330 – Leasing Services \$ 12,521

Exhibit A

DPSS Lease Cost Analysis for FY 2010/11 68625 Perez Rd., Suite 1, Cathedral City, California

Square Footage-Current & New:

BUDGETED AMOUNTS

Current office:		15,648 SQFT	
Cost Per Sq. Ft:	\$	1.24	
Lease Cost per Month - prorated		\$	19,420.76
Total Lease Cost included in Budget for FY 2010/11			\$ 233,049.12

ACTUAL AMOUNTS

Current office:		15,648 SQFT	
Approximate Cost per SqFt (July - Sep)	\$	1.24	
Proposed office:		15,648 SQFT	
Approximate Cost per SqFt (Oct - June)	\$	1.33	
Base Cost per Month (July - Sep) - prorated	\$	19,420.76	
Base Rent Cost per Month (Oct - June)	\$	20,812.00	
Total Base Rent Cost (July - Sep)	\$	58,262.28	
Total Base Rent Cost (Oct - June)	\$	187,308.00	
Total Base Rent Cost for FY 2010/11			\$ 245,570.28
SUBTOTAL ADDITIONAL LEASE COST FOR FY 2010/11:			\$ 12,521.16

Estimated Additional Costs:

Custodial Cost:

Cost per Month (Oct - June)	\$	2,347.20	
Total Custodial Cost for FY 2010/11			\$ 21,124.80

Tenant Improvements:

(To be paid in 3 equal payments over 3 fiscal years)		\$65,200	
			\$ 21,733.33

EDA Budgeted Lease Management Fee (Based @ 3.79%)

\$ 8,832.56

EDA Actual Lease Management Fee (Based @ 3.79%)

\$ 10,931.44

TOTAL MANAGEMENT FEE ADDITIONAL COST

\$ 2,099

TOTAL ESTIMATED ADDITIONAL COSTS

\$ 44,957.01

TOTAL ADDITIONAL LEASE COST FY 2010/11

\$ 57,478.17

Total Net County Cost of 5%

\$ 2,873.91

Exhibit B

DPSS Lease Cost Analysis for FY 2011/12 68625 Perez Road, Suite 1, Cathedral City, California

Current Square Footage:

Office:		15,648 SQFT	
Cost per square foot:	\$	1.33	
Cost per square foot:	\$	1.37	
Base Rent Cost per Month (July 1, 2011 - February 29, 2012)	\$	20,812.00	
Base Rent Cost per Month (March 1, 2012 - June 30, 2012)	\$	<u>21,436.36</u>	
Base Rent (July - February)	\$		166,496.00
Base Rent (March - June)	\$		<u>85,745.44</u>
Total Base Rent Cost for FY 2011/12	\$		252,241.44
Custodial Costs			
Costs per Month	\$	<u>2,437.20</u>	
Total Custodial Cost for FY 2011/12	\$		29,246.40
Tenant Improvement Cost:	(2nd payment)		<u>21,733.33</u>
SUBTOTAL LEASE COST FOR FY 2011/12:	\$		303,221.17
Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month	\$	<u>1,877.76</u>	
Total Estimated Utility Cost for FY 2011/12	\$		22,533.12
EDA Actual Lease Management Fee (Based @ 3.79%)	\$		<u>11,492.08</u>
TOTAL LEASE COST FY 2011/12:	\$		<u>337,246.37</u>
Total Net County Cost of 5%	\$		16,862.32

THIRD AMENDMENT TO LEASE
(Department of Public Social Services,
68-625 Perez Road, Suite 1, Cathedral City, California)

This THIRD AMENDMENT to Lease ("Third Amendment") is made as of May 25, 2010, by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County"), and **TERRY WILLIAM IRELAND, dba T W Investments** ("Lessor").

1. Recitals.

a. **TERRY WILLIAM IRELAND, dba T W INVESTMENTS**, successor in interest to 6505 Paramount Associates, LLC, Lessor, and **COUNTY OF RIVERSIDE**, County, hereby agree to amend that certain Lease dated December 21, 1999, (the "original Lease") pertaining to the premises located at 68-625 Perez Road, Suites 1, 2 and 3, Cathedral City, California, as more particularly shown on Exhibit "A", attached to the Lease as follows:

b. The Original Lease has been amended by:

1. That certain First Amendment to Lease dated, May 9, 2000, by and between County of Riverside and 6505 Paramount Associates, LLC, a California Limited Liability Company (the "First Amendment").

2. That certain Second Amendment to Lease dated January 30, 2001, by and between County of Riverside and 6505 Paramount Associates, LLC, a California Limited Liability Company (the "Second Amendment").

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

d. The term of the Lease, as heretofore amended, expired February 13, 2010. County and Lessor desire to further amend the Lease to extend the term of 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: Third 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 Third 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 Third Amendment.

3. Space Reduction. County desires to reconfigure the space as follows:

a. Suite 1 shall be revised to 15,648 square feet.

b. Suites 2 & 3 shall be revised to 4,800 square feet.

1 **4. Extension of Term.** The extended term, for Suite 1, will commence upon
2 completion of the improvements to separate Suites 1, 2, and 3 and will expire on April 30,
3 2013 ("Extended Term"). April 30, 2013, shall hereafter be the "Expiration Date". Suites 2 &
4 3 shall continue as a month-to-month lease until the execution of a new lease between the
5 parties.

6 **5. Rent During Extended Term.** County shall pay to Lessor the monthly sum as
7 base rent for the Leased premises during the term of this Lease as indicated below:

8 a. Suite 1:

<u>Amount</u>	<u>Term</u>
\$20,812.00	Through month 17
\$21,436.36	Month 18 through April 30, 2013.

9 b. Suites 2 & 3:

<u>Amount</u>	<u>Term</u>
\$6,078.24	Month-to-Month

10 In addition to "base rent", County shall pay for custodial services for Suite 1 as stated
11 herein.

12 **6. Custodial Services.** Notwithstanding the provisions of Paragraph 5 of the
13 Lease, the costs for monthly custodial services shall be paid by County to Lessor and
14 reconciled annually. Beginning the first month after completion of improvements, County's
15 costs for custodial services shall be \$2,347.20 per month. Within sixty (60) days of each
16 anniversary date of the Lease, Lessor shall prepare an itemized expense statement of the
17 actual cost for custodial services for the previous year. County shall receive a rent credit for
18 the amount overpaid. In the event costs exceed \$2,347.50, County shall reimburse Lessor,
19 within sixty (60) days, the difference between the amount paid and actual cost.

20 **7. Tenant Improvements.** Lessor, at its expense, subject to reimbursement of the
21 total cost by County, shall install new carpet in all sections currently carpeted. Lessor's
22 responsibility shall include lifting of workstations, removal of existing carpet, installation of
23 Shaw Reflections IV (color to be determined) carpet tiles and new top set and/or carpet base.
24 All work to be performed after work hours or on weekends. County, subject to Lessor
25 approval, shall determine colors of carpet.

 a. Cost of the tenant improvements as paid for by Lessor shall not exceed
\$65,200.00, without County's prior approval of additional costs. County shall reimburse
Lessor as follows:

 1. One third (1/3) of the reimbursement amount shall be paid within
thirty (30) days after completion of the Leasehold Improvements.

 2. One half (1/2) of the remaining balance, together with interest
thereon at the rate of seven percent (7%) per annum, from the date of Substantial Completion
until the date of payment, shall be paid during the month of July of the County fiscal year

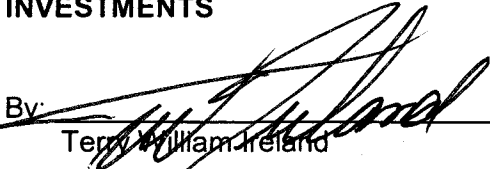
1 following the fiscal year in which the initial payment referenced in Section 6a.1 above was
2 paid.

3 3. The remaining balance, together with interest thereon at the rate
4 of seven percent (7%) per annum, from the date of Substantial Completion until the date of
5 payment, shall be paid during the month of July of the County fiscal year following the fiscal
6 year in which the payment referenced in Section 6a.2 above was paid.

7 8. This Third Amendment to Lease shall not be binding or consummated until its
8 approval by the County's Board of Supervisors. All other provisions of the Lease remain the
9 same.

10 Dated: _____

TERRY WILLIAM IRELAND dba T W INVESTMENTS

11 By: 
Terry William Ireland

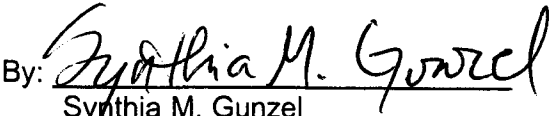
COUNTY OF RIVERSIDE

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

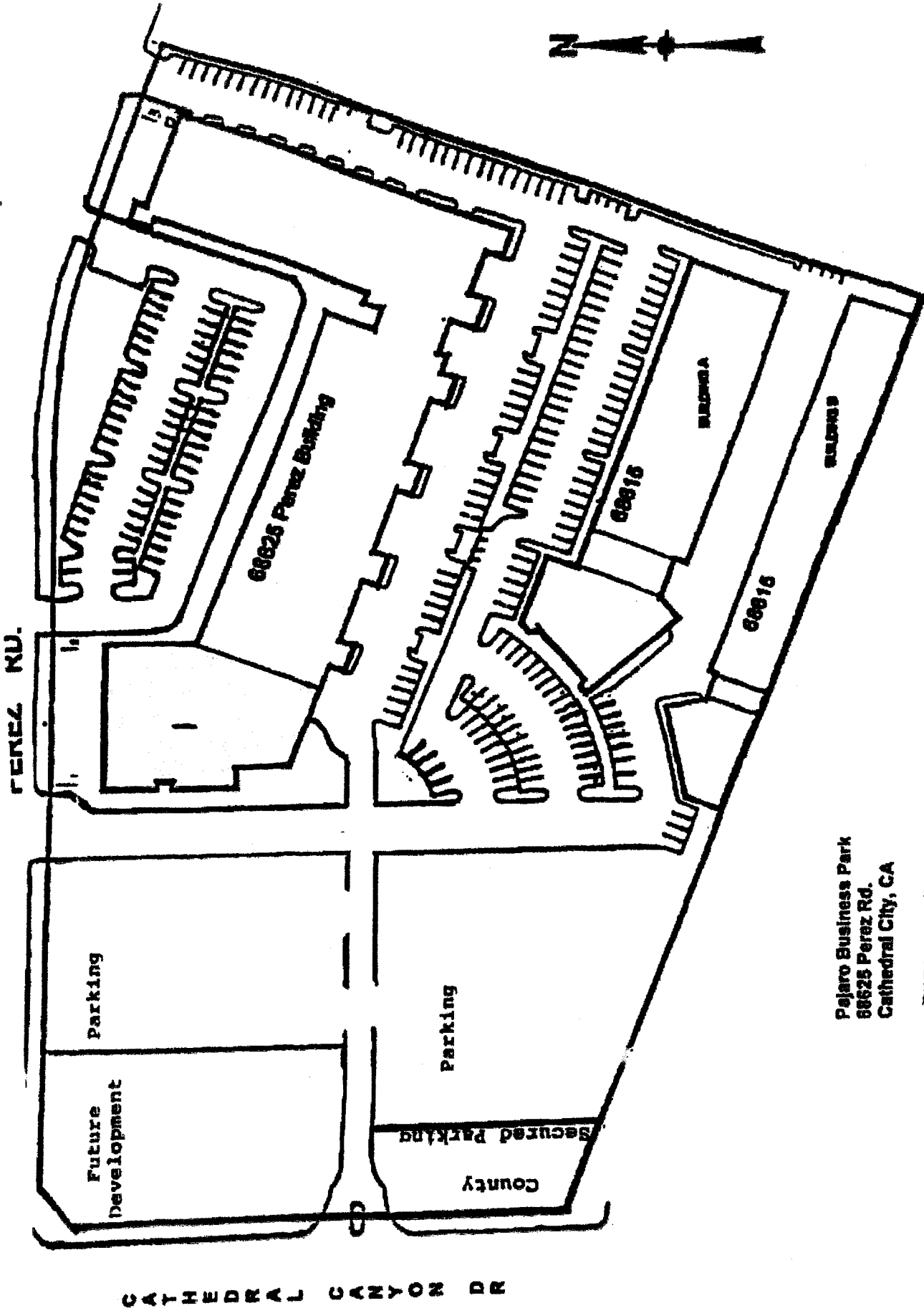
15 **ATTEST:**
16 Kecia Harper-Ihem
17 Clerk of the Board

18 By: _____
19 Deputy

20 **APPROVED AS TO FORM:**
21 Pamela J. Walls
22 County Counsel

23 By: 
Cynthia M. Gunzel
24 Deputy County Counsel

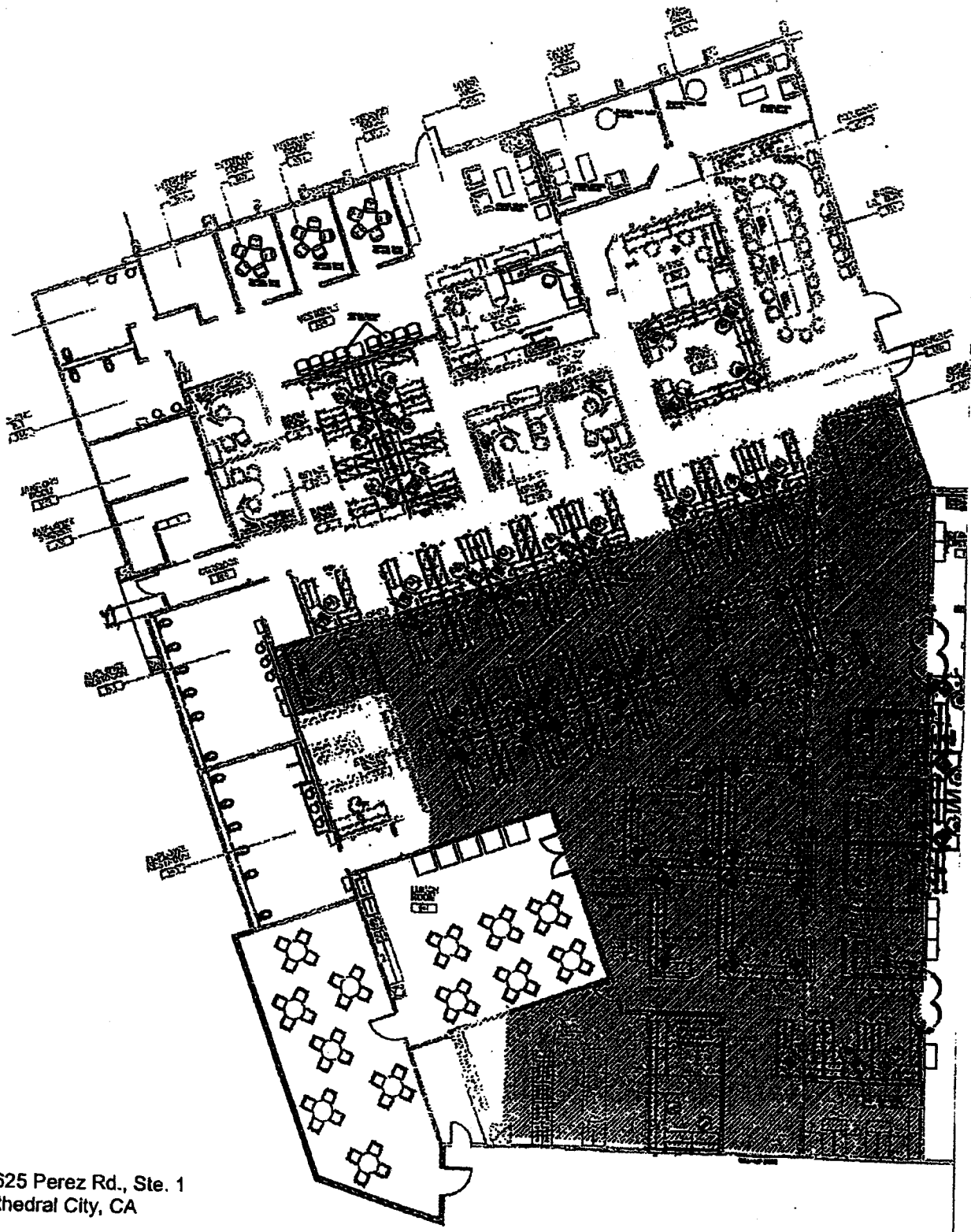
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Pejaro Business Park
 88625 Perez Rd.
 Cathedral City, CA

EXHIBIT "A"

CATHEDRAL CANYON DR



68625 Perez Rd., Ste. 1
Cathedral City, CA