

153



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

**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
December 30, 2010

**SUBJECT:** Second Amendment to Lease – Fire Department, Riverside

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the attached second amendment to lease and authorize the Chairman of the Board to execute the same on behalf of the County; and
2. Approve and direct the Auditor-Controller to make the budget adjustments as shown on Schedule A, attached.

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

**FISCAL PROCEDURES APPROVED**  
**PAUL ANGULO, CPA, AUDITOR-CONTROLLER**  
 BY Samuel Wong 12/23/10  
**SAMUEL WONG**

Robert Field  
 Robert Field  
 Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 4,664	In Current Year Budget:	Yes
	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:** 100% Plan Review and Inspection

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input checked="" type="checkbox"/>

**C.E.O. RECOMMENDATION:**

APPROVE

**County Executive Office Signature**

BY: Jennifer L. Sargent  
 Jennifer L. Sargent

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

Prev. Agn. Ref.: 3.36 of 8/29/06; 3.24 of 6/30/09

District: 2

Agenda Number:

3.32

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL  
 BY: Samuel Wong 12/23/10  
 SYNTHIA M. GUNZEL DATE

By: Diane Sinclair  
 Diane Sinclair, Dep. Dir. Admin.  
 Riverside County Fire

**BACKGROUND:**

The County of Riverside entered into a lease agreement on August 29, 2006, for the purpose of providing office space for the Fire Department for the facility located at 2300 Market Street, Suite 150, Riverside, California. In the first amendment to lease, the Real Estate Division requested for a reduction in space and lessor offered rent abatement for 1,500 square feet in lieu of returning the space. The rent abatement expired June 30, 2010. The rent shall be reinstated commencing July 1, 2010. This second amendment to lease will extend the original lease for an additional six months, terminating as of June 30, 2012. This facility continues to meet the needs and requirements for the Fire Department.

Lessor: MEF Realty, LLC  
c/o Muller Company  
23521 Paseo de Valencia, Suite 200  
Laguna Hills, California 92653

Premises Location: 2300 Market Street, Suite 150  
Riverside, California 92501

Size: Approximately 8,772 square feet

Term: Six (6) additional months  
commencing January 1, 2012

Rent:	<u>Old</u>	<u>New</u>
	\$1.95 per sq. ft.	\$2.04 per sq. ft.
	\$17,132.92 per month	\$17,856.47 per month
	\$205,595.04 per year	\$214,277.64 per year

Rental Adjustments: 4.2%

Utilities: Lessor pays all

Early Termination: County's right to early termination reinstated  
July 1, 2010

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

**FINANCIAL DATA:**

The associated costs for this second amendment to lease will be fully funded through the Fire Department's budget. The Fire Department has budgeted these costs in FY 2010/11. While the Economic Development Agency (EDA) will front the costs for the second amendment to lease with the property owners, the Fire Department will reimburse EDA for all associated costs.

Attachments:

- Schedule A
- Exhibit A
- Exhibit B

Schedule A

Increase Appropriations:

47220-7200400000-526700 – Rent/Lease Buildings	\$4,493
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Increase Estimated Revenue:

47220-7200400000-777330 – Leasing Services	\$4,493
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# Exhibit A

## Fire Lease Cost Analysis FY 2010/2011 2300 Market Street, Suite 150, Riverside, California

### Total Square Footage to be Leased:

#### **BUDGETED AMOUNTS**

Current office:		8,772 SQFT	
Cost Per Sq. Ft:	\$	2.04	
Lease Cost per Month		\$ 17,856.47	
<b>Total Lease Cost included in Budget for FY 2010/11</b>			<b>\$ 214,277.64</b>

#### **ACTUAL AMOUNTS**

Current office:		8,772 SQFT	
Approximate Cost per SQFT (July - Dec)	\$	2.04	
Approximate Cost per SQFT (Jan - June)	\$	2.12	
Lease Cost per Month (July - Dec)	\$	17,856.47	
Lease Cost per Month (Jan - June)	\$	18,605.35	
Total Lease Cost (July - Dec)		\$ 107,138.82	
Total Lease Cost (Jan - June)		\$ 111,632.10	
<b>Total Lease Cost for FY 2010/11</b>			<b>\$ 218,770.92</b>
<b>TOTAL LEASE COST FOR FY 2010/11</b>			<b>\$ 4,493.28</b>

### Estimated Additional Costs:

#### **BUDGETED AMOUNTS**

Utility Cost per Square Foot	\$	-	
Estimated Utility Costs per Month		\$ -	
<b>Total Estimated Utility Cost for FY 2010/11</b>			<b>\$ -</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>\$ 8,121.12</b>
<b>Total Estimated Additional Costs included in Budget for FY 2010/11</b>			<b>\$ 8,121.12</b>

#### **ACTUAL AMOUNTS**

Utility Cost per Square Foot	\$	-	
Estimated Utility Costs per Month		\$ -	
Total Additional Estimated Utility Cost for FY 2010/11 (July - June)			\$ -
<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>\$ 8,291.42</b>
<b>Total Estimated Additional Costs for FY 2010/11</b>			<b>\$ 8,291.42</b>
<b>TOTAL ESTIMATED ADDITIONAL COST FOR FY 2010/11</b>			<b>\$ 170.30</b>
<b>TOTAL LEASE COST FY 2010/11</b>			<b>\$ 4,663.58</b>

# Exhibit B

## Fire Lease Cost Analysis FY 2011/12 2300 Market Street, Suite 150, Riverside, California

### Current Square Feet Occupied:

Office:	8,772 SQFT		
Cost per Square Foot:	\$	2.12	
Lease Cost per Month (July 1, 2011 -December 31, 2011)		<u>\$ 18,605.35</u>	\$ 111,632.10
Cost per Square Foot:	\$	2.21	
Lease Cost per Month (January 1, 2012 -June 30, 2012)		<u>\$ 19,380.43</u>	\$ 116,282.58
<b>Total Estimated Lease Cost for FY 2011/12</b>			<u><b>\$ 227,914.68</b></u>

### Estimated Utility Costs:

Utility Cost per Square Foot	\$	-	
Estimated Utility Costs per Month (July 1, 2010 -June 30, 2011)		<u>\$ -</u>	
<b>Total Estimated Utility Cost for FY 2011/12</b>			<b>\$ -</b>
<b>EDA Lease Management Fee (Based @ 3.79%)</b>			<u><b>\$ 8,637.97</b></u>
<b>Total Estimated Lease Cost FY 2011/12:</b>			<b>\$ 236,552.65</b>

**SECOND AMENDMENT TO LEASE**  
County of Riverside and MEF Realty, LLC  
2300 Market Street, Suite 150, Riverside, California

This SECOND AMENDMENT TO LEASE ( "Second Amendment") is made as of \_\_\_\_\_, 2010, by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California, herein called ("County"), and **MEF REALTY, LLC**, a Delaware Limited Liability Company, herein called ("Lessor").

**1. Recitals.**

a. The County of Riverside ("County"), as Lessee, and MEF Realty LLC, as Lessor, entered into that certain Lease dated August 29, 2006 (the "Original Lease"), for the premises located at 2300 Market Street, Suite 150, Riverside, California, as more particularly shown on Exhibit "A" to the Original Lease.

b. The Original Lease has been amended by:

i. That certain First Amendment to Lease dated June 30, 2009, by and between County of Riverside and MEF Realty, LLC (the "First Amendment").

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

**2. Term.** Section 4.1 of the Original Lease is hereby amended as follows: The Term of this Lease shall be extended for an additional six (6) months effective as of January 1, 2012 and expiring on June 30, 2012.

**3. Rent During Extended Term.** Section 5.1 of the Original Lease and Section 1 of the First Amendment to Lease is hereby amended by the following: County shall pay to the Lessor the monthly sums as rent for the Leased Premises during the Extended Term of this Lease as indicated below:

<u>Amount</u>	<u>Year</u>
\$17,856.47	7/1/2010-12/31/2010
\$18,605.35	1/1/2011-12/31/2011
\$19,380.43	1/1/2012-6/30/2012

**4. Termination.** Section 2 of the First Amendment is hereby amended as follows: County's right to early termination as specified in Section 6.3 of the Original Lease shall be reinstated effective as of July 1, 2010.

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

Information Copy to:  
County of Riverside  
Economic Development Agency  
3403 Tenth Street, Suite 500  
Riverside, California 92501

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

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

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1 8. This Second Amendment to Original Lease shall not be binding or  
consummated until its executed by the County's Board of Supervisors.

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

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

**MEF REALTY, LLC,**  
A Delaware Limited Liability Company

By: MULLER EQUITY FUND, LLC  
a Delaware Limited Liability Company  
Sole Member

By: MEF Partners, LLC  
A California Limited Liability Company  
Manager

By:  12/17/10  
Jon Muller, Managing Member

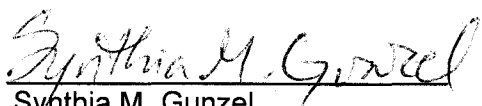
**COUNTY OF RIVERSIDE**

By: \_\_\_\_\_  
Marion Ashley, Chairman  
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:   
24 Synthia M. Gunzel  
25 Deputy County Counsel

MT:jg  
09/27/10  
RV345  
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