

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

507



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
February 2, 2011

**SUBJECT:** First Amendment to Lease - Assessor-County Clerk-Recorder, Riverside

**RECOMMENDED MOTION:** That the Board of Supervisors approve the attached First Amendment to Lease and authorize the Chairman of the Board to execute same on behalf of the county.

**BACKGROUND:** This First Amendment to Lease represents a request from the Assessor-County Clerk-Recorder (ACR) to extend the lease for their facility consisting of approximately 18,537 square feet, located at 2720 Gateway Drive, Riverside, California. This facility is adjacent to the facility located at 2724 Gateway Drive, Riverside, an office and warehouse facility consisting of approximately 102,000 square feet also occupied by the Assessor-County Clerk-Recorder, as well as the Registrar of Voters (ROV).

(Continued)

FISCAL PROCEDURES APPROVED  
PAUL ANGULO, CPA, AUDITOR-CONTROLLER  
BY Samuel Wong 2/1/11  
SAMUEL WONG

Robert Field  
Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 116,394	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

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

<b>SOURCE OF FUNDS:</b> 100 % Clerk and Recorder Trust Fund	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE  
BY Jennifer L. Sargent  
County Executive Office Signature

FORM APPROVED COUNTY COUNSEL  
 BY: Yvonne H. Gynzel 1-30-11  
 DATE: \_\_\_\_\_  
 Dep. County Clerk-Recorder  
 LARRY WARD, Assessor - Clerk Recorder  
 Assessor, Clerk Recorder  
 Policy  Consent   
 Policy  Consent   
 Dept'l Recomm.:  Consent   
 Per Exec. Ofc.:  Consent

Prev. Agn. Ref.: 3.5 of 10/31/00

District: 1

Agenda Number:

**3.13**

**BACKGROUND:** (Continued)

In 2010, ROV requested to relocate and expand their operations out of the 2724 Gateway Drive facility. ROV indicated that their space needs exceeded the size of the existing space. In the event the ROV relocates, it is the desire of the ACR's office to relocate their staff from 2720 Gateway Drive into the vacated ROV space at 2724 Gateway Drive, and terminate the lease agreement at 2720 Gateway Drive.

Currently, the lease agreement for 2720 Gateway Drive is scheduled to expire on April 11, 2011. The ACR continues to need the space for its operations. Therefore, the real estate division has negotiated a lease extension with the owner of the property which will expire September 2, 2017. In addition, the lease term extension includes a lease termination right in favor of the county which grants the county the right to terminate the lease for any reason after 30 months. This termination right will provide the county with the flexibility, if required, to terminate and relocate the ACR staff into the 2724 Gateway Drive facility. In addition, staff has negotiated the expiration date of the extended lease to September 2, 2017, to coincide with the expiration date of the lease on 2724 Gateway Drive.

The costs have been fully budgeted in fiscal year 2010/11 and actual expenditures are expected to be at budgeted levels.

Lessor: Hazelton Properties, LLC  
1831 Deerhill Trail  
Topanga, California 90290

Premises Location: 2720 Gateway Drive  
Riverside, California 90507

Size: 18,539 sq. ft.

Term: Approximately eighty one (81) months.

Rent:	<u>Current</u>	<u>New</u>
	\$ 1.90 per sq. ft.	\$ 1.90 per sq. ft.
	\$ 35,237.85 per month	\$ 35,237.85 per month
	\$422,854.20 per year	\$ 422,854.20 per year

Rental Adjustments: Three (3%) percent annually.

Utilities: County pays for electric, gas, water, trash and sewer.

Custodial: Lessor

Maintenance: Lessor

Option to Terminate: Termination for any reason after two and a half (2 ½) years with (60) days written notice.

(Continued)

**BACKGROUND:** (Continued)

Improvements:	At Lessor's sole cost and expense.	
RCIT Costs:	None.	
Market Data:	1595 Spruce Street	\$1.85 psf
	6465 Sycamore Canyon	\$1.95 psf

**FINANCIAL DATA:**

All associated costs for this First Amendment to Lease will be fully funded through the ACR, which has budgeted these costs in FY2010/11. While the Economic Development Agency (EDA) will front the cost for the First Amendment to Lease with the property owners, ACR will reimburse EDA for all associated lease costs.

**ATTACHMENTS:**

Exhibit A  
First Amendment to Lease

# Exhibit A

## Assessor, Clerk/Recorder Lease Cost Analysis FY 2010/11 2720 Gateway Drive, Riverside, California

### Square Footage-Current & New:

#### **BUDGETED AMOUNTS**

Current office:	18,539	SQFT	
Cost Per Sq. Ft:	\$	1.90	
Lease Cost per Month		\$ 35,237.85	
<b>Total Lease Cost included in Budget for FY 2010/11</b>		<u>\$ 422,854.20</u>	

#### **ACTUAL AMOUNTS**

Proposed Office:	18,539		
Approximate Cost per SQFT	\$	1.90	
Lease Cost per Month (July-March)	\$	35,237.85	
Lease Cost per Month (April-June)	\$	<u>35,237.85</u>	
Total Base Rent (July-March)		\$ 317,141	
Total Base Rent (April-June)		\$ 105,714	
<b>Total Lease Cost for FY 2010/11</b>		<u>\$ 422,854.20</u>	
<b>TOTAL CHANGE IN LEASE COST FOR FY 2010/11</b>			\$ -

### Estimated Additional Costs:

#### **BUDGETED AMOUNTS**

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month	\$	<u>2,224.68</u>	
<b>Total Estimated Utility Cost for FY 2010/11</b>		\$ 26,696.16	
<b>EDA Lease Management Fee (Based @ 3.79%)</b>		<u>\$ 16,026.17</u>	
<b>Total Estimated Additional Costs included in Budget for FY 2010/11</b>		<u>\$ 42,722.33</u>	

#### **ACTUAL AMOUNTS**

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month	\$	2,224.68	
Estimated Utility Costs (July-March)	\$	20,022.12	
Estimated Utility Costs (April-June)	\$	<u>6,674.04</u>	
Total Additional Estimated Utility Cost for FY 2010/11		\$ 26,696.16	
<b>EDA Lease Management Fee (Based @ 3.79%)</b>		<u>\$ 16,026.17</u>	
<b>Total Estimated Additional Costs for FY 2010/11</b>		<u>\$ 42,722.33</u>	
<b>TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2010/11</b>			<u>\$ -</u>

#### **TOTAL ADDITIONAL LEASE COST FY 2010/11**

\$ -

### Amendment Lease Costs (April-June)

Amendment Base Rent (April-June)		\$ 105,713.55	
EDA Lease Management Fee (Based @ 3.79%)		\$ 4,006.54	
Amendment Utility Cost (July-March)		\$ 6,674.04	
<b>Total Amendment Lease Costs FY2010/11 (April-June)</b>		<u>\$ 116,394.13</u>	

1 **FIRST AMENDMENT TO LEASE**

2 (Assessor, Clerk/Recorder

3 2720 Gateway Drive, Riverside, California 92507)

4  
5 This **FIRST AMENDMENT TO LEASE** ("First Amendment") is made as of  
6 \_\_\_\_\_, 2011 by and between the **COUNTY OF RIVERSIDE**, a political subdivision of  
7 the State of California ("County"), and **HAZELTON PROPERTIES, LLC** a California Limited  
8 Liability Company, ("Lessor").

9 **1. Recitals.**

10 a. Lessor and County entered into that certain Lease dated October 31,  
11 2000, (the "Original Lease") pursuant to which County leased that certain building located at  
12 2720 Gateway Drive, Riverside, California (the "Building"), as more particularly shown on  
13 Exhibit "A", attached hereto and made a part hereof.

14 b. On July 28, 2003, Springs Gateway Building Partnership, a California  
15 Limited Partnership, ("Lessor") assigned its Lease interest to Hazelton Properties, LLC a  
16 California Limited Liability Company. Hazelton Properties, LLC a California Limited Liability  
17 Company assumes all the rights and obligations of the lease accruing from and after the  
18 recordation date of July 28, 2003. Therefore, Hazelton Properties, LLC a California Limited  
19 Liability Company is the ("Lessor").

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

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

24 **2. Capitalized Terms:** First Amendment to Prevail. Unless defined herein or the  
25 context requires otherwise, all capitalized terms herein shall have the meaning defined in the  
26 Lease, as heretofore amended. The provisions of this First Amendment shall prevail over any  
27 inconsistency or conflicting provisions of the Lease, as heretofore amended, and shall  
28 supplement the remaining provisions thereof.

1           **3. Lease Term.** Section 3(a) of the Lease shall be amended as follows: The term  
2 of this Lease Agreement shall be extended, herein the "Extended Lease Term" commencing on  
3 April 10, 2011 and terminating on September 2, 2017. September 2, 2017 shall hereafter be  
4 the "Expiration Date".

5           **4. Option to Extend.** Section 4 of the Original Lease shall be deleted in its  
6 entirety.

7           **5. Rent.** Section 5(a) of the Lease shall be amended as follows: The rent for the  
8 Leased premises for the Extended Lease Term shall be Thirty five thousand, two hundred thirty  
9 seven dollars and eighty five cents (\$35,237.85) per month, payable on the first day of the  
10 month.

11                   a. Section 5(b) is hereby amended as follows: During the Extended Lease  
12 Term, the rent shall be increased annually by three percent (3%) on each anniversary of the  
13 First Amendment to Lease beginning with the second Lease year of the Extended Lease Term.

14           **6. Improvements by Lessor.** Section 9 (a) is hereby amended as follows:  
15 Lessor at its sole cost and expense shall remove the wall paper from lobby and repaint the  
16 entire lobby.

17           **7. Options to Terminate.** Section 12 (c) is hereby amended as follows: In  
18 addition County shall have the right to terminate this Lease for any reason after thirty (30 )  
19 months by providing Lessor sixty (60) days notice thereof in writing.

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