

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

619



SUBMITTAL DATE:

February 16, 2011

FROM: EDA/FACILITIES MANAGEMENT

SUBJECT: Fourth Amendment to Lease – Department of Public Social Services

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached Fourth 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 2/14/11
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (807)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ (121)	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 9,850	For Fiscal Year:	2010/11

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: 50% Federal, 35% State, 15% County	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

FORM APPROVED COUNTY COUNSEL
BY: Suzanne M. Gunzel 3-1-11
DATE: _____
SYNTHESIS/CONCURRENCE

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

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD
Per Exec. Ofc.: Consent Policy

BACKGROUND: (Continued)

The County has a leasehold interest, as Lessee, under a lease between the county and DIBA Real Estate Investments, LLC, for the facility located at 14-201 Palm Drive, #107, 108, 109b, Desert Hot Springs, California. The Department of Public Social Services (DPSS) has utilized this office for its Family Resource Center. This facility continues to meet the needs and requirements of the Department and a lease extension has been negotiated by the Economic Development Agency's (EDA) Real Estate Division reflecting a 3% decrease in the rent.

Lessor: DIBA Real Estate Investments, LLC
 28008 Harrison Parkway
 Valencia, California 91355

Premises Location: 14-201 Palm Drive, #107, 108, 109b, Desert Hot Springs, California

Term: Two years commencing February 1, 2011

Size: 2,904 square feet

Rent:	<u>Old</u>	<u>New</u>
	\$ 1.75 per sq. ft.	\$ 1.70 per sq. ft
	\$ 5,092.32 per month	\$ 4,936.80 per month
	\$ 61,107.84 per year	\$ 59,241.60 per year

<u>Savings</u>	
Per Sq. Ft.	\$.05
Per Month	\$ 155.52
Per Year	\$1,866.24

Rental Adjustment: N/A (Flat Rate Entire Term)

Utilities: County pays electric, gas and telephone, Landlord pays all others.

Maintenance: Provided by Landlord

Custodial: Provided by Landlord

Improvements: N/A

RCIT Costs: N/A

Market Data:	13-947 Palm Drive, Desert Hot Springs	\$2.25
	14080 Palm Drive, Ste. A, Desert Hot Springs	\$1.30

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

FINANCIAL DATA: (Commences on Page 3)

FINANCIAL DATA:

The associated costs for this Fourth Amendment will be fully funded through the DPSS' budget. The DPSS has budgeted these costs in FY 2010/11. While EDA will front the costs for the Fourth Amendment to Lease with the property owners, the DPSS will reimburse EDA for all associated costs. (Exhibits A & B)

Attachments:

- Schedule A
- Exhibit A
- Exhibit B
- Fourth Amendment to Lease

Schedule A

Decrease Appropriations:

47220-7200400000-526700 – Rent/Lease Buildings	\$778
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Decrease Estimated Revenue:

47220-7200400000-777330 – Leasing Services	\$778
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Exhibit A

DPSS Lease Cost Analysis FY 2010/11

14201 Palm Drive, Suites 107, 108, 109b, Desert Hot Springs, California

Total Square Footage to be Leased:

BUDGETED AMOUNTS

Current office:		2,904	SQFT		
Cost Per Sq. Ft:	\$	1.75			
Lease Cost per Month				\$	5,092.32
Total Lease Cost included in Budget for FY 2010/11				\$	61,107.84

ACTUAL AMOUNTS

Current office:		2,904	SQFT		
Approximate Cost per SQFT (July - Jan)	\$	1.75			
Approximate Cost per SQFT (Feb - June)	\$	1.70			
Lease Cost per Month (July - Jan)	\$	5,092.32			
Lease Cost per Month (Feb - June)	\$	4,936.80			
Total Lease Cost (July - Jan)				\$	35,646.24
Total Lease Cost (Feb - June)				\$	24,684.00
Total Lease Cost for FY 2010/11				\$	60,330.24
TOTAL LEASE COST SAVINGS FOR FY 2010/11				\$	(777.60)

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$	0.12			
Estimated Utility Costs per Month				\$	348.48
Total Estimated Utility Cost for FY 2010/11				\$	4,181.76
Tenant Improvement Costs					N/A
RCIT Costs					N/A
EDA Lease Management Fee (Based @ 3.79%)				\$	2,315.99
Total Estimated Additional Costs included in Budget for FY 2010/11				\$	6,497.75

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$	0.12			
Estimated Utility Costs per Month				\$	348.48
Total Additional Estimated Utility Cost for FY 2010/11 (July - June)				\$	4,181.76
Tenant Improvement Costs					N/A
RCIT Costs					N/A
EDA Lease Management Fee (Based @ 3.79%)				\$	2,286.52
Total Estimated Additional Costs for FY 2010/11				\$	6,468.28
TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2010/11				\$	(29.47)
TOTAL SAVINGS FOR LEASE COST FY 2010/11				\$	(807.07)
TOTAL COUNTY COST 15%				\$	(121.06)

Exhibit B

DPSS Lease Cost Analysis FY 2011/12 14201 Palm Drive, Suites 107, 108, 109b, Desert Hot Springs, California

Current Square Feet Occupied:

Office:	2,904	SQFT		
Cost per Square Foot:	\$	1.70		
Lease Cost per Month (July 1, 2011 - June 30, 2012)		\$	<u>4,936.80</u>	\$ 59,241.60
Total Estimated Lease Cost for FY 2011/12				\$ <u>59,241.60</u>

Estimated Utility Costs:

Utility Cost per Square Foot	\$	0.12		
Estimated Utility Costs per Month (July 1, 2011 - June 30, 2012)		\$	<u>348.48</u>	
Total Estimated Utility Cost for FY 2011/12				\$ 4,181.76
EDA Lease Management Fee (Based @ 3.79%)				\$ <u>2,245.26</u>
Total Estimated Lease Cost FY 2011/12:				\$ <u>65,668.62</u>
TOTAL COUNTY COST 15%				\$ 9,850.29

1 **FOURTH AMENDMENT TO LEASE**

2 **14-201 Palm Drive, #107, 108, 109b, Desert Hot Springs, California**

3
4 This **FOURTH AMENDMENT TO LEASE** ("Fourth Amendment") is made as of
5 _____, 2011 by and between the **COUNTY OF RIVERSIDE**, a
6 political subdivision of the State of California ("County"), and **DIBA REAL ESTATE**
7 **INVESTMENTS, LLC**, ("Lessor"), a California Limited Liability Company, as successor
8 in interest to **EUN HEE LEE, WILSHIRE STATE BANK, and FIRST WESTERN LAND**
9 **MANAGEMENT.**

10 **RECITALS**

11 A. County and First Western Land Management, LLC, predecessor to
12 DIBA Real Estate Investments, LLC, entered into that certain lease dated September
13 26, 2000, ("Original Lease") pursuant to which County leased a portion of that certain
14 building located at 14201 Palm Drive, Suites 107, 108, 109b, Desert Hot Springs,
15 California (the "Building"), as more particularly shown on Exhibit "A", attached hereto
16 and made a part hereof.

17 B. The Original Lease has been amended by:

18 i. That certain First Amendment to Lease dated October 28,
19 2003, by and between First Western Land Management, LLC and County ("First
20 Amendment").

21 ii. That certain Second Amendment to Lease dated November
22 22, 2005, by and between First Western Land Management, LLC and County ("Second
23 Amendment").

24 iii. That certain Third Amendment to Lease dated January 13,
25 2009, by and between Eun Hee Lee, successor in interest to First Western Land
26 Management, LLC and County (the "Third Amendment").

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

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

3 **CAPITALIZED TERMS:** Fourth Amendment to Prevail. Unless defined herein
4 or the context requires otherwise, all capitalized terms herein shall have the meaning
5 **DEFINED IN THE Lease**, as heretofore amended. The provisions of this Fourth
6 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease,
7 as heretofore amended, and shall supplement the remaining provisions thereof. The
8 Lease remains in full force and effect except to the extent amended by this Fourth
9 Amendment.

10 **1. Lease Term.** Section 1 of the Third Amendment to Lease shall be
11 amended as follows: Notwithstanding any other provisions contained herein, the term
12 of this Lease shall be extended twenty four (24) months commencing on February 1,
13 2011, and terminating on January 31, 2013.

14 **2. Rent.** Section 2 of the Third Amendment to Lease shall be amended as
15 follows: Monthly rent shall be paid as follows through the extended term:

16 \$4,936.80 per month February 1, 2011 through January 31, 2013

17 **3. Options.** Section 4 of the Lease shall be deleted in its entirety and
18 replaced as follows:

19 **4. Options.** Lessor grants the following rights to County:

20 (a) Option to Lessor grants to County one (1) option to extend the
21 Lease term ("Extension Option(s)"). The Extension Option shall be for a period of two
22 (2) years ("Extended Term"), subject to the conditions described in this Section 4.

23 (i) Exercise of Option. The Extension Option shall be
24 exercised by County delivering to Lessor written notice thereof no later than sixty (60)
25 days prior to the expiration of the Term in Section 1 of this Fourth Amendment.

26 (ii) Option Rent. The rent payable by County during any
27 Extended Term shall be at the annual increase rate of 2.5% during the term.

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1 (iii) County's Right to Early Termination Option. The Extension
2 Option shall be exercised and parties hereto agree to the County's Right to Early
3 Termination if County in its sole discretion determines that the Premises are no longer
4 suitable for its use for any reason during the Extended Term. Said Early Termination
5 shall be exercised by the County serving the Lessor ninety (90) days written notice of
6 its intention.

7 (b) Right of First Refusal to Lease Additional Space. Lessor hereby
8 grants to County a right of first refusal to lease the other premises in the building
9 containing the leased Premises ("Adjacent Premises"), in the event Lessor received a
10 bona fide offer from a third party to lease any portion of the Adjacent Premises, which
11 offer is acceptable to Lessor. Lessor shall promptly notify County in writing of the offer,
12 including the square footage of the portion of the Adjacent Premises proposed to be let
13 and other terms and conditions of the offer. County shall have thirty (30) days within
14 which to notify Lessor in writing whether County agrees to lease the portion of the
15 Adjacent Premises under such offer upon the terms and conditions set forth in such
16 offer. In the event County fails to give written notice of its election to lease the
17 proposed additional space, Lessor shall be free to accept the bona fide offer and lease
18 the Adjacent Premises to the third party. If the third party fails to lease such portion of
19 the Adjacent Premises and the Adjacent Premises (or remaining portion of the
20 Adjacent Premises) remains available, County shall have the same right of first refusal
21 granted herein with regard to any future offer to lease such portion of the Adjacent
22 Premises.

23 (c) All terms and conditions of this Lease with exception of Rent,
24 Lease Term, and Early Termination shall remain in full force and effect during the
25 Extended Term.

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28 ///

1 **4. Improvements by Lessor.** Section 9 of the Lease shall be amended by
2 adding subsection (j) as follows:

3 (j) Lessor shall complete, or cause to be completed, at Lessor's
4 sole cost and expense, the following tenant improvements: Painting of the Community
5 Room. Color specification to be indentified and agreed to by the County.

6 **5. Notices.** Section 13 of the Lease shall be deleted in its entirety and
7 replaced as follows. Any notices required or desired to be served by either party upon
8 the other shall be addressed to the respective parties as set forth below:

9 COUNTY:

LESSOR:

10
11 Economic Development Agency
12 County of Riverside
13 3403 Tenth Street, Suite 500
14 Riverside, CA 92501

 DIBA Real Estate Investments, LLC
 c/o Mountain Woods
 28008 Harrison Parkway
 Valencia, CA 91355

15
16 or to such other addresses as from time to time shall be designated by the respective
17 parties.

18 **6. County's Representative.** Section 19 of the Lease is hereby deleted in
19 its entirety and replaced as follows:

20 County hereby appoints the Assistant Chief Executive Office of the Economic
21 Development Agency as its authorized representative to administer this Lease.

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

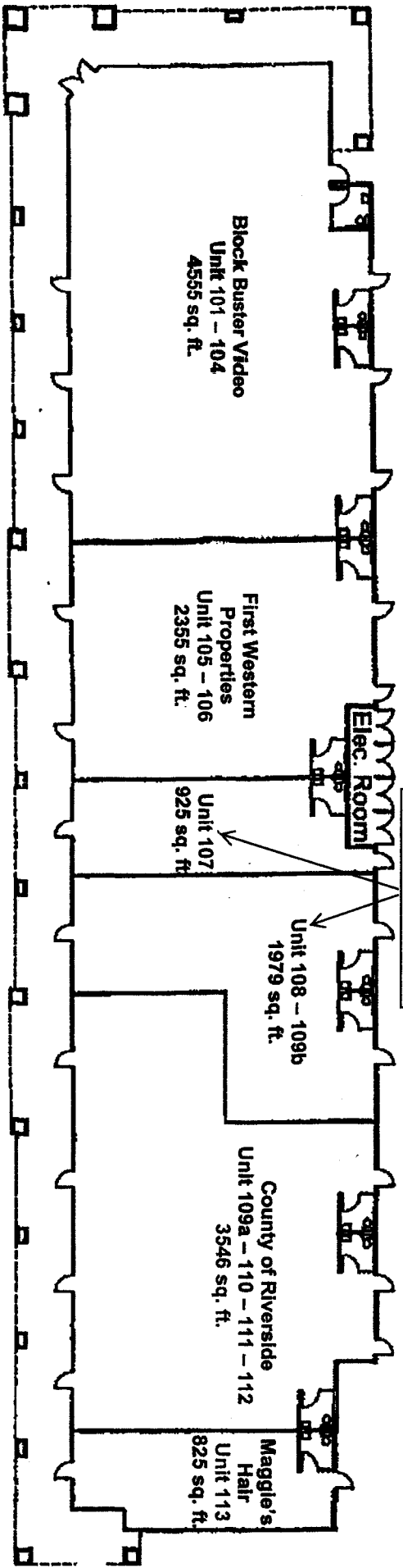
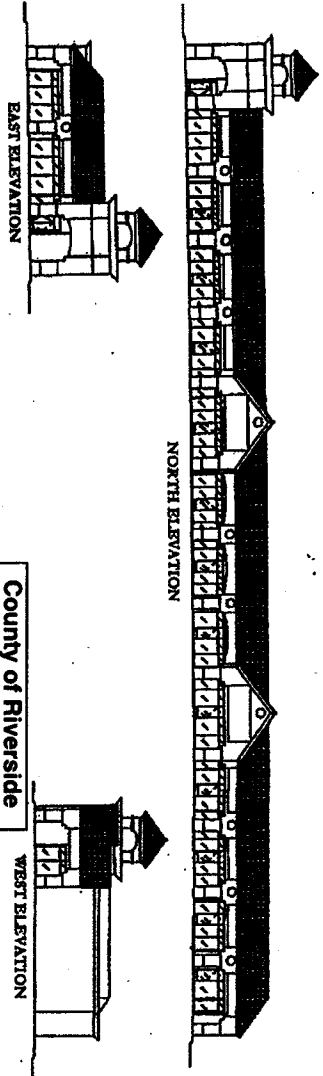
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Lease Plan

Building Size: 14,185 square feet

First Western Building at K-Mart Center
 1401 Palm Drive, Desert Hot Springs, CA 92240

EXHIBIT "A"