

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

742



SUBMITTAL DATE:
March 3, 2011

FROM: Economic Development Agency / Facilities Management

SUBJECT: Second Amendment to Lease – Community Health Agency, Hemet

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: This Second Amendment to Lease represents a request from the Community Health Agency to extend the lease for its Women Infant and Children (WIC) clinic currently located at 1005 N. State Street, Hemet, California.

(Continued)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: Samuel Wong 3/2/11
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 37,579	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: 100 % Federal Funding (WIC)	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.: 3.33 of 6/03/08

District: 3

Agenda Number: **3.27**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

BACKGROUND: (Continued)

Community Health Agency (CHA) WIC has outgrown its current location at 1005 North State Street. This is primarily due to the increased demand for public services as a result of the current economic conditions. Therefore, CHA WIC will relocate its clinic from 1005 North State Street and expand into 1055 North State Street in March 2011. The expansion space at 1055 North State Street consists of 9,679.9 square feet. The additional square footage has pre-existing classrooms for nutritional training purposes, and a larger lobby for mothers to safely maneuver strollers with children in tow.

The Real Estate division has negotiated a five year lease renewal with a 15% rental rate reduction and \$200,000 in tenant improvements. The tenant improvements shall be at the landlord's sole cost and expense.

Lessor: State Street Building I
5055 Canyon Crest Drive
Riverside, CA

Premises Location: 1055 North State Street
Hemet, CA 92543-1474

Size: Current New
3,750 sq. ft. 9,679.9 sq. ft.

Term: Five (5) years, March 1, 2011 through February 28, 2016.

Rent: Current New
\$ 1.57 per sq. ft. \$ 1.33 per sq. ft.
\$ 5,879.10 per month \$ 12,874.27 per month
\$70,549.20 per year \$154,491.24 per year

Rental Adjustments: 3% annually.

Utilities: County pays electric and phone, Lessor pays for all other utility services.

Custodial: Lessor

Maintenance: Lessor

Option to Terminate: 90 days written notice due to loss of funding.

Improvements: \$200,000 at Landlord's sole cost and expense.

RCIT Costs: None

Market Data: 650 State Street, Hemet \$1.48
800 Sanderson, Hemet \$1.44

Financial Data: (Commences on Page 3)

FINANCIAL DATA:

All associated costs for this Second Amendment to Lease will be fully funded through the CHA budget. CHA 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, CHA will reimburse EDA for all associated costs.

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

ATTACHMENTS:

- Schedule A
- Exhibit A
- Second Amendment to Lease

Schedule A

Increase Appropriations:

47220-7200400000- 526700 - Rent/Lease Buildings	\$27,981
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Increase Estimated Revenue:

47220-7200400000-777330 - Leasing Services	\$27,981
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Exhibit A

Community Health Agency Lease Cost Analysis FY 2010/11 1055 State Street, Hemet, California

Square Footage-Current & New:

BUDGETED AMOUNTS

Current office:		3,750 SQFT	
Cost Per Sq. Ft:	\$	1.57	
Lease Cost per Month		<u>\$ 5,879.10</u>	
Total Lease Cost included in Budget for FY 2010/11			\$ 70,549.20

ACTUAL AMOUNTS

Current office:		3,750 SQFT	
Proposed Office:		9,679 SQFT	
Approximate Cost per SQFT (July - Feb)	\$	1.57	
Approximate Cost per SQFT (Mar - June)	\$	1.33	
Lease Cost per Month (July - Feb)	\$	5,879.10	
Lease Cost per Month (Mar - June)	\$	12,874.27	
Total Lease Cost (July - Feb)		<u>\$ 47,032.80</u>	
Total Lease Cost (Mar - June)		<u>\$ 51,497.08</u>	
Total Lease Cost for FY 2010/11			\$ 98,529.88
TOTAL ADDITIONAL LEASE SQFT COST FOR FY 2010/11			\$ 27,980.68

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month	\$	<u>450.00</u>	
Total Estimated Utility Cost for FY 2010/11			\$ 5,400.00
EDA Lease Management Fee (Based @ 3.79%)		<u>\$ 2,673.81</u>	
Total Estimated Additional Costs included in Budget for FY 2010/11			\$ 8,073.81

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month	\$	<u>1,161.48</u>	
Total Estimated Utility Costs		\$ 13,937.76	
EDA Lease Management Fee (Based @ 3.79%)		<u>\$ 3,734.28</u>	
Total Estimated Additional Costs for FY 2010/11			\$ 17,672.04
TOTAL ESTIMATED ADDITIONAL COSTS FOR FY 2010/11			\$ 9,598.23
TOTAL ADDITIONAL LEASE COSTS FY 2010/11			\$ 37,578.91

1 **3. Term:** Section 1 of the First Amendment to Lease shall be amended as
2 follows: The term of this Lease shall be extended sixty (60) months commencing on
3 March 1, 2011 and terminating February 28, 2016 ("Extended Term"). February 28,
4 2016 shall hereafter be the "Expiration Date".

5 a. **Description:** Section 1 of the Lease shall be amended as follows:
6 The Leased Premises shall hereby consist of 9,679.9 square feet located within that
7 certain building located at 1055 North State Street, Hemet, California, in the City of
8 Hemet, State of California, ("Building"), as more particularly shown on Exhibit "A",
9 attached hereto and made a part hereof.

10 **4. Rent During Extended Term:** Section 2 of the First Amendment to
11 Lease shall be amended as follows: County shall pay to Lessor the monthly sums as
12 rent for the Leased premises during the term of this Lease as indicated below:

<u>Amount</u>	<u>Year</u>
\$12,874.27	03/01/11 to 02/28/12
\$13,260.50	03/01/12 to 02/28/13
\$13,658.32	03/01/13 to 02/28/14
\$14,068.07	03/01/14 to 02/28/15
\$14,490.12	03/01/15 to 02/28/16

21 **5. Tenant Improvements by Lessor:** Section 9 of the Lease shall be
22 amended as follows: Lessor, at its sole cost and expense, shall complete the Tenant
23 Improvements, as more particularly shown on Exhibit "B" and "B-1" attached to the
24 lease.

25 a. Lessor recognizes and understands that any tenant improvements
26 requested by the County during the term of this Second Amendment shall be
27 undertaken according to Exhibit "C", general construction Specifications for Leased

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1 Facilities, and Exhibit "C", approved floor plan, attached hereto and by this reference
2 made a part of the Second Amendment.

3 b. Lessor recognizes and understands that any tenant improvements
4 requested by the County may be subject to the provisions contained in the California
5 Labor code (commencing with Section 1720) relating to general prevailing wage rates
6 and other pertinent provisions therein.

7 c. Lessor shall comply and stay current with all applicable building
8 standards, which may change from time to time, including but not limited to, the
9 Americans with Disabilities Act, in providing the County with any requested tenant
10 improvements.

11 **6. Custodial Services:** Exhibit "B" Section "D" of the Lease shall be
12 amended as follows:

13 a. On a quarterly basis Custodial shall move furniture, strip, seal and
14 apply floor finish to all resilient and hard floor surfaces. And in addition, Shampoo the
15 carpets including any play area rugs located inside the clinic.

16 **7.** Except as modified or supplemented by this Second Amendment to
17 Lease, all provisions of the Lease remain in full force and effect.

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EXHIBIT 'C'

1055 N. State Street, Hemet

