

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

703



FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:

May 12, 2011

SUBJECT: Second Amendment to Lease – Community Health Agency, Moreno Valley

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

BACKGROUND: This Second Amendment to Lease represents a request from Community Health Agency to extend the lease for its Women's Infant and Children (WIC) clinic currently located at 13800 Heacock Street, Suite 125, Building D, Moreno Valley, California.

(Continued)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: Samuel Wong 5/10/11
SAMUEL WONG

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (4,712)	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

SOURCE OF FUNDS: 100 % Federal Funding (WIC)	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature BY: Elizabeth J. Olson
Elizabeth J. Olson

FORM APPROVED COUNTY COUNSEL
 BY: Susan Harrington DATE: 4-27-11
 SYLVIA M. GUNZEL
 Departmental Concurrence

By: Susan Harrington
 Susan Harrington, Director
 Public Health

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

BACKGROUND: (Continued)

After 17 years, this facility continues to meet the program requirements for the community. However, the facility is long overdue for major refurbishment, particularly in the lobby and the women's and men's public restroom within the suite.

In an effort to assist Community Health Agency in achieving their goals, thereby reducing the overhead costs and improve the aesthetic appearance of the clinic, the Real Estate Division has negotiated the following lease terms: A five year lease renewal at a reduced rate of \$1.25 per square foot, as compared to the current rate of \$1.51 per square foot. The annual escalator has also been reduced from 4% to 3% for an additional 1% annual savings. The overall savings for the department including the annual escalator decrease has resulted in a 17% rate reduction. In addition the landlord shall refurbish the lobby and public restrooms at the landlords sole cost and expense.

Lessor: Heacock Business Center LLC
225 W. Hospitality Lane, Suite 206
San Bernardino, CA 92408

Premises Location: 13800 Heacock Street, Suite 125 Building D
Moreno Valley, CA 92553

Size: 5,727 square feet

Term: Five (5) years, April 1, 2011 through March 31, 2016.

Rent:	<u>Current</u>	<u>New</u>
	\$ 1.51 per sq. ft	\$ 1.25 per sq. ft.
	\$ 8,672.06 per month	\$ 7,158.75 per month
	\$104,064.72 per year	\$ 85,905.00 per year

Rental Adjustments: 3% percent 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: At Landlords sole cost and expense.

RCIT Costs: None

(Continued)

BACKGROUND: (Continued)

Market Data: 12730 Heacock Street, Moreno Valley \$1.50 psf.
 23119 Cottonwood Avenue, Moreno Valley \$1.74 psf.

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

FINANCIAL DATA:

All associated costs for this Second Amendment to Lease will be fully funded through the Department of Community Health Agency budget. The Community Health Agency has budgeted these costs in FY2010/11. While the Economic Development Agency (EDA) will front the costs for the Second Amendment to Lease with the property owners, the Department of Community Health Agency will reimburse EDA for all associated costs.

Attachments:

Exhibit A
Second Amendment to Lease

Exhibit A

Community Health Agency Lease Cost Analysis FY 2010/11 13800 Heacock Street, Suite 125 Building D, Moreno Valley, California

Square Footage-Current & New:

BUDGETED AMOUNTS

Current office:	5,727	SQFT	
Cost Per Sq. Ft:	\$	1.51	
Lease Cost per Month		\$	<u>8,672.06</u>
Total Lease Cost included in Budget for FY 2010/11		\$	104,064.72

ACTUAL AMOUNTS

Proposed Office:	5,727		
Approximate Cost per SQFT (Jul - Mar)	\$	1.51	
Approximate Cost per SQFT (Apr -Jun)	\$	1.25	
Lease Cost per Month (Jul-Mar)	\$	8,672.06	
Lease Cost per Month (Apr-June)	\$	<u>7,158.75</u>	
Lease Cost (Jul-Mar)	\$	78,048.54	
Lease Cost (Apr-June)	\$	<u>21,476.25</u>	
Total Lease Cost for FY 2010/11		\$	<u>99,524.79</u>
TOTAL LEASE COST SAVINGS FOR FY 2010/11		\$	(4,539.93)

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$	0.12		
Estimated Utility Costs per Month	\$	<u>687.24</u>		
Total Estimated Utility Cost for FY 2010/11		\$	8,246.88	
EDA Lease Management Fee (Based @ 3.79%)		\$	<u>3,944.05</u>	
Total Estimated Additional Costs included in Budget for FY 2010/11		\$	12,190.93	

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$	0.12		
Estimated Utility Costs per Month	\$	<u>687.24</u>		
Total Estimated Utility Cost for FY 2010/11		\$	8,246.88	
EDA Lease Management Fee (Based @ 3.79%)		\$	<u>3,771.99</u>	
Total Estimated Additional Costs for FY 2010/11		\$	<u>12,018.87</u>	
TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2010/11		\$	<u>(172.06)</u>	
TOTAL SAVINGS FOR LEASE COST FY 2010/11		\$	<u><u>(4,711.99)</u></u>	

1 **SECOND AMENDMENT TO LEASE**

2 **(Community Health Agency**

3 **13800 Heacock Street, Suite D125, Moreno Valley,**

4 **California 92553)**

5
6 This **SECOND AMENDMENT TO LEASE** ("Second Amendment") is made as of
7 _____, by and between **HEACOCK BUSINESS CENTER, LLC**, a Limited
8 Liability company as "Lessor", and the **COUNTY OF RIVERSIDE**, a Political
9 Subdivision of the State of California, as "County".

10 **1. Recitals**

11 a. Lessor and County have entered into that certain Lease, dated as
12 of December 20, 1994, ("Original Lease") pursuant to which Lessor has agreed to
13 lease that certain building located at 13800 Heacock Street, Suite D125, Moreno Valley
14 California, in the City of Moreno Valley, State of California, ("Building"), consisting of
15 5,727 total square feet, or as more particularly shown on Exhibit "A", attached hereto
16 and made a part hereof.

17 b. The Original Lease has been amended by: That certain First
18 Amendment to Lease dated August 15, 2000 by and between County of Riverside, and
19 Heacock Business Center, LLC (the "First Amendment").

20 c. A New Lease (the "New Lease"), was executed by the parties
21 and dated November 7, 2007 by and between County of Riverside, and Heacock
22 Business Center, LLC.

23 d. The New Lease was amended by: That certain First Amendment
24 to Lease dated July 29, 2008 by and between County of Riverside, and Heacock
25 Business Center, LLC (the "First Amendment").

26 e. The Original Lease as heretofore, currently, or hereafter amended,
27 shall hereafter be referred to as the "Lease". NOW THEREFORE, for good and
28

1 valuable consideration the receipt and adequacy of which is hereby acknowledged, the
2 parties agree as follows:

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

10 **3. Rent During Extended Term:** Section 3 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>
\$7,158.75	04/01/11 to 03/31/12
\$7,373.52	04/01/12 to 03/31/13
\$7,594.73	04/01/13 to 03/31/14
\$7,822.58	04/01/14 to 03/31/15
\$8,057.26	04/01/15 to 03/31/16

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19 **4.** Section 3 (b) of the First Amendment to Lease shall be amended as
20 follows: the monthly rent shall be increased on each anniversary of this lease by an
21 amount equal to three percent (3%). Three percent (3%) shall hereinafter be the
22 annual increase amount.

23 **5. Term:** Section 2 (a) of the First Amendment to Lease shall be amended
24 as follows: The term of this Lease shall be extended sixty (60) months commencing
25 upon completion of tenant improvements and terminating March 31, 2016 ("Extended
26 Term"). March 31, 2016 shall hereafter be defined as the "Expiration Date".

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1 **6. Tenant Improvements by Lessor:** Section 4 of the First Amendment
2 shall be amended as follows: Lessor, at its sole cost and expense, shall provide the
3 following Tenant Improvements as more particularly described on Exhibit "B", attached
4 hereto and by this reference incorporated herein. In addition, Lessor shall provide a
5 construction schedule and timeline prior to commencement of construction. Parties
6 agree that construction will occur during normal business hours. Lessor, shall put forth
7 reasonable efforts to minimize disturbance to clinic operations during construction.
8 Lessor has agreed to provide clinic staff with key to the courtyard public restrooms
9 while clinic restrooms are under construction. Lessor shall obtain and provide all
10 necessary required permits prior to commencement and construction of tenant
11 improvements.

12 **7. Custodial:** Section 5. of the Lease shall be amended as follows:
13 In addition to custodial requirements as outlined in Exhibit "B" of the Lease. Lessor
14 shall change custodial vendor, if level of service is not provided as set forth in Exhibit
15 "B" of the Lease

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

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1 **9.** This Second Amendment to Lease shall not be binding or consummated until
2 its approval by the Board of Supervisors of Riverside County.

3
4 Dated: _____

HEACOCK BUSINESS CENTER, LLC

6
7 By: 
8 _____
9 Donald Lam

By: _____

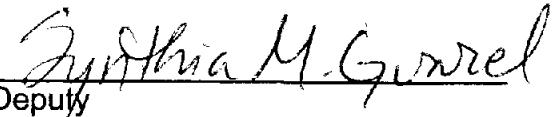
COUNTY OF RIVERSIDE

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13 **ATTEST:**
14 Kecia Harper-Ihem
15 Clerk of the Board

By: _____
Bob Buster, Chairman
Board of Supervisors

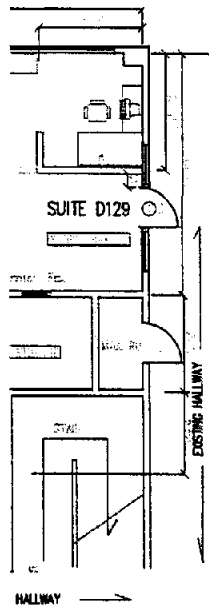
16 By: _____
17 Deputy

18 **APPROVED AS TO FORM:**
19 PAMELA J. WALLS, County Counsel

20
21 By: 
22 Deputy
23 **SYNTHIA M. GUNZEL**

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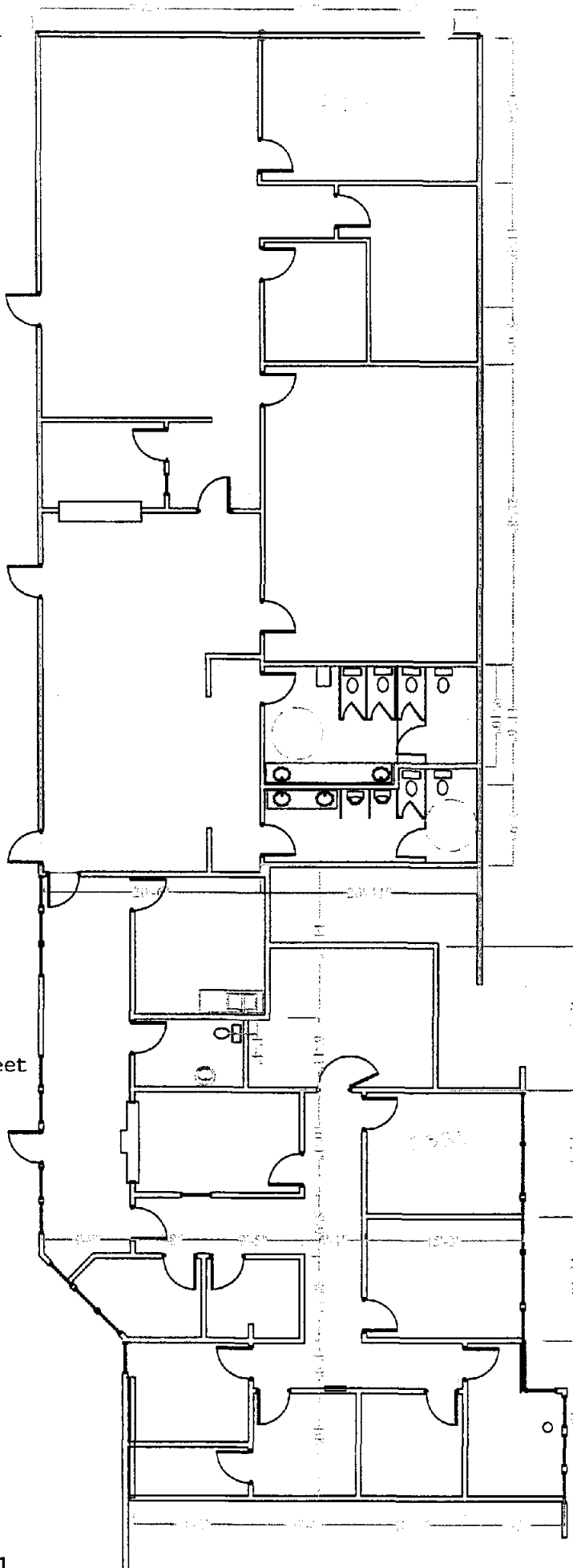
Exhibit "A"
(13800 Heacock Street, Suite 125, building D, Moreno Valley)



D125--EXISTING FLOOR PLAN

SCALE: 1/8" = 1'-0"

5,727 Total Square Feet

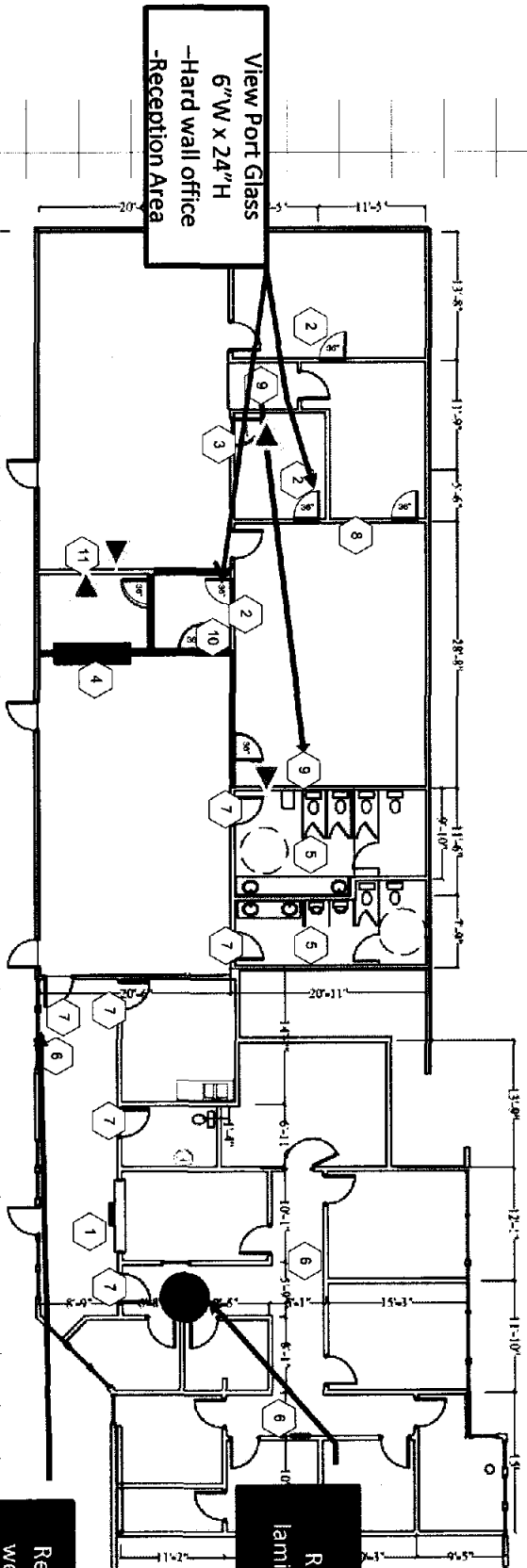


SUITE 125
2,344 s.f.

SUITE 123
3,383 s.f.

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Exhibit "B"
Moreno Valley WIC, Tenant Improvements
13800 Heacock Avenue, Suite 123/125



Repair hard laminate flooring

Repair/Replace weather sealant near floor.

EXHIBIT "B"

1	Level ADA counter top. Add new laminate strip to wood cut.	5	Replace Discolored Base Coat. Conduct Walk-Through to identify affected areas.	9	Touch up paint through out facility.
2	Add new door - standard size 36"W	6	Repaint Doors	10	Repair Flooring
3	- Include View Port Glass for hard wall office	7	Install Ledges in support of existing pass-through window.	11	Lease Agreement Boilerplate. - Strip/Wax/Seal main lobby and classroom every other month. Quarterly schedule would apply to all other areas. - Clean the facility windows (inside and out) on a quarterly basis.
4	Wall Off Door.	8	Relocate fire alarm speaker from vouchler vault to overflow lobby. Review Fire Codes for Appropriate Area.		
5	Demo Bulb-in Counter.	9	Electrical hook-up for a power whip to support modular furniture.		
6	Complete refurbishment of Women's & Men's Public Restroom.	10	Add electrical high on the wall to support vent mounted 42" LCD TV. Verify that wall studs can support 120 lbs. TV & Bracket - otherwise add plywood backing.		
7	- New Flooring				
8	- Paint				
9	- Sink/Counter top				
10	- Paper & Toler dispensers				
11	- Paper & Toler dispensers				
	- New Stalls				
	- New Toilets				
	- New Ventilation Systems				