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

FROM: Economic Development Agency /Facilities Management

SUBMITTAL DATE:
June 28, 2011

SUBJECT: Second Amendment to Lease – Community Health Agency, 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 for FY 2011/12 as shown on Schedule A, attached.

BACKGROUND: This Second Amendment to Lease represents a request from Community Health Agency (CHA) to extend the lease for its Women's Infant and Children (WIC) clinic currently located at 1465 Spruce Street, Riverside, California.

(Continued)

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: Samuel Wong 6/27/11
 SAMUEL WONG

Robert Field
 Robert Field
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (12,251)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/12

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: N/A

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
 County Executive Office Signature Jennifer L. Sargent

Dep't Recomm.: Consent Policy Policy

Per Exec. Ofc.: Consent Policy Policy

FORM APPROVED COUNTY COUNSEL
 BY: Synthia M. Gunzel 6/27/11
 DATE: _____
 SYNTHIA M. GUNZEL
 Departmental Concurrence

By: Susan Harrington
 Susan Harrington, Director
 Public Health

BACKGROUND: (Continued)

This facility continues to meet the program requirements for CHA. In an ongoing effort to assist CHA in achieving their goals, thereby reducing the overhead costs, the Real Estate Division has negotiated the following lease terms: A three (3) year lease renewal at a reduced rate of \$1.50 per square foot, as compared to the current rate of \$1.81 per square foot; reduced the annual escalator from 4% to 3% for an additional 1% annual savings; and negotiated three months free rent resulting in an additional savings for the department in the amount of \$14,278.50. The overall savings for the department including the annual escalator decrease has resulted in a total lease cost savings in the amount of \$11,804 in FY 2011/12.

Lessor: Fodrey Financial Services, Inc.
982 W. 2nd Street
San Bernardino, CA 92410

Premises Location: 1465 Spruce Street, Suite A
Riverside, CA 92507

Size: 3,173 square feet.

Term: Three (3) years, July 1, 2011 through June 30, 2014.

Rent:	<u>Current</u>	<u>New</u>
	\$ 1.81 per sq. ft	\$ 1.50 per sq. ft.
	\$ 5,743.13 per month	\$ 4,759.50 per month
	\$ 68,917.56 per year	\$ 57,114.00 per year

Rental Adjustments: Decreased from four (4%) to three (3%) percent annually.

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

Custodial: Lessor.

Maintenance: Lessor.

Option to Terminate: Sixty (60) days written notice due to loss of funding and elimination of the penalty.

Improvements: None.

RCIT Costs: None.

Market Data:	1111 Spruce Street	\$1.64 psf.
	1325 Spruce Street	\$2.23 psf.

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

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 FY2011/12. While the Economic Development Agency/Facilities Management (EDA/FM) will front the costs for the Second Amendment to Lease with the property owners, the Department of Community Health Agency will reimburse EDA/FM for all associated costs.

Attachments:

Schedule A
Exhibit A
Second Amendment to Lease

Schedule A

Decrease Appropriations:

47220-7200400000- 526700 - Rent/Lease Buildings	\$11,804
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Decrease Estimated Revenue:

47220-7200400000-777330 - Leasing Services	\$11,804
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Exhibit A

Community Health Agency Lease Cost Analysis FY 2011/12 1465 Spruce Street, Suite A, Riverside, CA

Square Footage-Current & New:

BUDGETED AMOUNTS

Current office:	3,173	SQFT	
Cost Per Sq. Ft:	\$	1.81	
Lease Cost per Month		\$ 5,743.13	
Total Lease Cost Included in Budget for FY 2011/12		<u>\$</u>	68,917.56

ACTUAL AMOUNTS

Proposed Office:	3,173		
Approximate Cost per SQFT (July- Jun)	\$	1.50	
Lease Cost per Month (July -Jun)	\$	4,759.50	
Total Base Rent (July - Jun)		\$ 57,114.00	
Total Lease Cost for FY 2011/12		<u>\$</u>	57,114.00
TOTAL LEASE COST SAVINGS FOR FY 2011/12		<u>\$</u>	(11,803.56)

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month	\$	380.76	
Total Estimated Utility Cost for FY 2011/12		<u>\$</u>	4,569.12
Tenant Improvement Costs		N/A	
RCIT Costs		N/A	
EDA Lease Management Fee (Based @ 3.79%)		\$ 2,611.98	
Total Estimated Additional Costs included in Budget for FY 2011/12		<u>\$</u>	7,181.10

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month	\$	380.76	
Total Additional Estimated Utility Cost for FY 2011/12 (July - June)		<u>\$</u>	4,569.12
Tenant Improvement Costs		N/A	
RCIT Costs		N/A	
EDA Lease Management Fee (Based @ 3.79%)		\$ 2,164.62	
Total Estimated Additional Costs for FY 2011/12		<u>\$</u>	6,733.74
TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2011/12		<u>\$</u>	(447.36)
TOTAL SAVINGS FOR LEASE COST FY 2011/12		<u><u>\$</u></u>	(12,250.92)

1 **SECOND AMENDMENT TO LEASE**

2 **(Community Health Agency**

3 **1465 Spruce Street, Riverside, California)**

4
5 This **SECOND AMENDMENT TO LEASE** ("Second Amendment") is made as of
6 _____, by and between **FODREY FINANCIAL SERVICES, INC.**, a California
7 corporation, the successor in interest to Seaport Properties, Inc, ("Lessor"), and the
8 **COUNTY OF RIVERSIDE**, a political subdivision of the State of California, ("County").

9 **1. Recitals**

10 a. Lessor and County have entered into that certain Lease, dated as
11 of March 28, 2006, ("Original Lease") pursuant to which Lessor has agreed to lease
12 that certain building located at 1465 Spruce Street, Riverside, California, in the City of
13 Riverside, State of California, ("Building"), as more particularly shown on Exhibit "A",
14 attached hereto and made a part hereof.

15 b. The Original Lease has been amended by:
16 That certain First Amendment to Lease dated August 28, 2007, by and between
17 County of Riverside, and Seaport Properties, Inc. (the "First Amendment").

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

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

22 **2. Capitalized Terms: Second Amendment to Prevail.** Unless defined
23 herein or the context requires otherwise, all capitalized terms herein shall have the
24 meaning defined in the Lease, as heretofore amended. The provision of this Second
25 Amendment shall prevail over any inconsistency or conflicting provision of the Lease,
26 as heretofore amended, and shall supplement the remaining provision thereof. The
27 Lease remains in full force and effect except to the extent amended by this Second
28 Amendment.

1 **3. Term:** Section 3 of the Lease shall be amended as follows: The term of
2 this Lease shall be extended thirty six (36) months commencing on July 1, 2011 and
3 terminating June 30, 2014 ("Extended Term"). June 30, 2014 shall hereafter be the
4 "Expiration Date".

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

8

<u>Amount</u>	<u>Year</u>
\$4,759.50	10/01/11 to 06/30/12
\$4,902.20	07/01/12 to 06/30/13
\$5,049.36	07/01/13 to 06/30/14

13

14 Notwithstanding the provision of Paragraph 4 herein, the monthly rent shall be
15 abated for three (3) months, from July 2011 through September 2011.

16 **5. Annual Increase:** Section 5 (b) is hereby amended as follows: For the
17 extended term, the rent shall be increased annually by three percent (3%) on each
18 anniversary of the Second Amendment to Lease beginning with the second lease year
19 of the extended term.

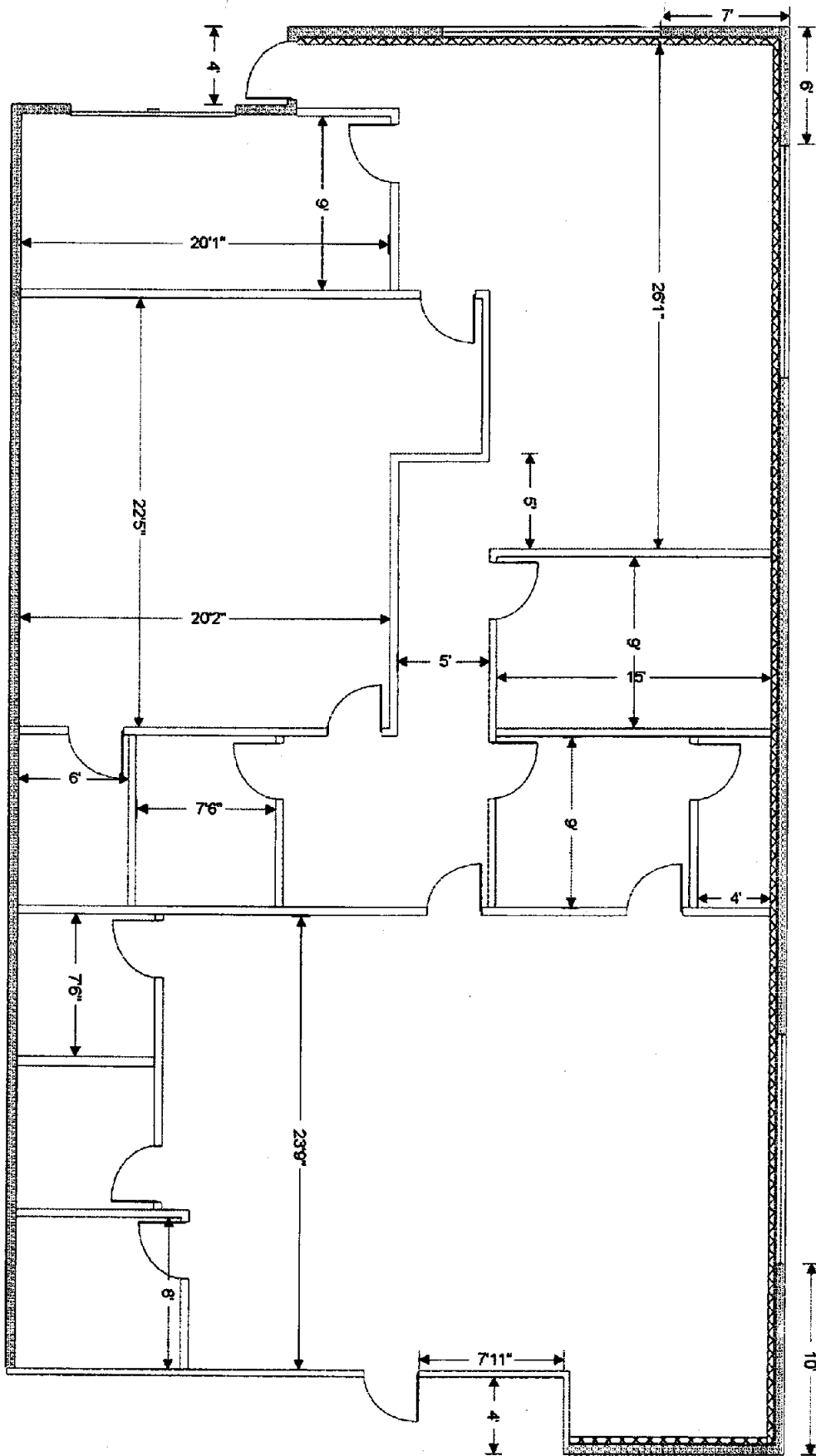
20 **6. Custodial Services:** Exhibit "B" Section "D" of the Lease shall be
21 amended as follows:

22 a. On a quarterly basis All Areas: Custodial shall move furniture,
23 strip, seal and apply floor finish to all resilient and hard floor surfaces. And in addition,
24 shampoo the carpets including any play area rugs located inside the clinic.

25 b. Section "F" of Exhibit "B" is hereby deleted in its entirety.

26 **7. Option to Terminate.** Section 11 (d) of the Lease shall be eliminated in
27 its entirety.

28 ///



1465 Spruce St., Riverside

1/8" = 1'

EXHIBIT "A"