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

FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:
August 4, 2011

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

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Fifth 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 adjustment as shown on Schedule A, attached.

REVIEWED BY CIP
BACKGROUND: (Commences on Page 2)

Christopher Hans
Christopher Hans

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY *Samuel Wong 8/3/11*
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 81,411	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 3,867	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 44,295	For Fiscal Year:	2011/12

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: Federal 56.73%, State 33.07%, County 4.75%, Realign 5.45%	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

Prev. Agn. Ref.: 3.5 of 12/16/97; 3.7 of 11/9/99; 3.14 of 4/1100; 3.17 of 3/11/03; 3.9 of 3/22/05; 3.21 of 1/23/07

District: 5

Agenda Number:
3.36

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
BY: *Sybil M. Gunzel 7-19-11*
SYBIL M. GUNZEL
Departmental Counsel
DATE

By: *Susan Loew*
Susan Loew, Director
Riverside County Public Social Services

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

BACKGROUND:

The county holds a leasehold interest as Lessee, under a lease between the County and MCC Venture LP, a California limited partnership, for the facility located at 22690 Cactus Avenue, Moreno Valley. The Department of Public Social Services has occupied this location for its employee Training Division since 1998.

This facility continues to meet the needs and requirements of DPSS and this fifth amendment to lease represents an expansion of 10,175 square feet from 27,131 sq. ft. to 37,306 square feet in addition to improvements requested by the department. The lease rate charged to the department has also been reduced by 5.7%. Anticipated occupancy of expansion space is October 2011.

Lessor:	MCC Ventures, LP c/o Property Management Associates 6011 Bristol Parkway Culver City, California 90230	
Location:	22690 Cactus Avenue Moreno Valley, California	
Size:	Increased 10,175 sq. ft. from 27,131 sq. ft. to 37,306 sq. ft.	
Term:	Current term expires 1/31/12, five (5) year extension will expire 1/31/17.	
Rent:	<i>Current</i>	<i>New</i>
	\$ 1.75 per sq. ft.	\$ 1.65 per sq. ft.
	\$ 47,382.42 per month	\$ 61,554.90 per month
	\$568,589.04 per year	\$738,658.80 per year
Rent Adjustments:	2.5%	
Utilities:	Paid by County	
Custodial:	Provided by Lessor	
Interior/Exterior Maintenance:	Provided by Lessor	
Tenant Improvement Costs:	Not to exceed \$301,109.10, paid by county. To be reimbursed in three payments over three fiscal years.	
RCIT:	\$199,840.00	

The attached fifth 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 lease will be fully funded through the Department of Public Social Services' budget. DPSS has budgeted for these costs in FY 2011/12; however, the Economic Development Agency (EDA) requires a budget adjustment to its FY 2011/12 budget to cover related transactional costs with the property owner. While EDA will front the costs for this lease with the property owner, DPSS will reimburse EDA for all associated lease costs.

Attachments:

Schedule A
Exhibit A
Exhibit B
Fifth Amendment to Lease

Schedule A

Increase Appropriations:

47220-7200400000-526700 – Rent/Lease Buildings	\$67,850
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Increase Estimated Revenues:

47220-7200400000-777330 – Leasing Services	\$67,850
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Exhibit A

DPSS Lease Cost Analysis FY 2011/12 22690 Cactus Ave, Moreno Valley, California

Total Square Footage to be Leased:

BUDGETED AMOUNTS

Current office: 27,131 SQFT

Total Lease Cost included in Budget for FY 2011/12 \$ 638,756.00

ACTUAL AMOUNTS

Current Office: 27,131 SQFT

Proposed Office: 37,306 SQFT

Approximate Cost per SQFT (July - Sept) \$ 1.75

Approximate Cost per SQFT (Oct - Jan) \$ 1.72

Approximate Cost per SQFT (Feb-June) \$ 1.65

Lease Cost per Month (July - Sept) \$ 47,382.42

Lease Cost per Month (Oct - Jan) \$ 64,171.17

Lease Cost per Month (Feb-June) \$ 61,554.90

Total Lease Cost (July - Sept) \$ 142,147.26

Total Lease Cost (Oct - Jan) \$ 256,684.68

Total Lease Cost (Feb-June) \$ 307,774.50

Total Lease Cost for FY 2011/12 \$ 706,606.44

TOTAL LEASE COST FOR FY 2011/12

Estimated Additional Costs:

BUDGETED AMOUNTS

\$ 67,850.44

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs per Month \$ 3,255.72

Total Budgeted Utility Cost for FY 2011/12 \$ 39,068.64

RCIT \$ 199,840.00

Tenant Improvements = \$301,109.10/3yrs \$ 100,369.70

Total Budgeted RCIT and Tenant Improvements \$ 300,209.70

EDA Lease Management Fee (Based @ 3.79%) \$ 28,012.86

Total Estimated Additional Cost Includes in Budget for FY 2011/12 \$ 367,291.20

ACTUAL AMOUNTS

Utility Cost per Square Foot \$ 0.12

Costs per Month (July - Sept) \$ 3,255.72

Costs per Month (Oct - June) \$ 4,476.72

Total Estimated Actual Utility Cost for FY 2011/12 \$ 50,057.64

RCIT \$ 199,840.00

Tenant Improvements \$ 100,369.70

Total Actual RCIT and Tenant Improvements \$ 300,209.70

Total Estimated Additional Cost Includes in Budget for FY 2011/12

EDA Lease Management Fee (Based @ 3.79%) \$ 30,584.40

Total Estimated Additional Actual Cost for FY 2011/12 \$ 380,851.74

TOTAL ESTIMATED ADDITIONAL COST FOR FY 2011/12

TOTAL CURRENT FY TOTAL COST

\$ 13,560.54

TOTAL COUNTY COST 4.75%

\$ 81,410.98

\$ 3,867.02

Exhibit B

DPSS Lease Cost Analysis FY 2012/13 22690 Cactus Avenue, Riverside, California

Current Square Feet Occupied:

Office:	37,306 SQFT		
Cost per Square Foot: (July 1, 2012 - Jan 31, 2013) \$	1.65		
Cost per Square Foot: (Feb 1, 2013 - June 30, 2013) \$	1.69		
Lease Cost per Month (July 1, 2012 - Jan 31, 2013)	\$	61,554.90	
Lease Cost per Month (Feb 1, 2013 - June 30, 2013)	\$	63,093.77	
Lease Cost (July - Jan)		\$	430,884.30
Lease Cost (Feb - June)		\$	315,468.85
Total Estimated Lease Cost for FY 2012/13		\$	746,353.15

Estimated Utility Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July 1, 2012 - June 30, 2013)		\$	<u>4,476.72</u>
Total Estimated Utility Cost for FY 2012/13		\$	53,720.64
Tenant Improvement (2nd of 3 payments)		\$	100,369.70
EDA Lease Management Fee (Based @ 3.79%)		\$	32,090.80
Total Estimated Lease Cost FY 2012/13:		\$	<u>932,534.29</u>
TOTAL COUNTY COST 4.75%		\$	44,295.38

1 **FIFTH AMENDMENT TO LEASE**

2 **22690 Cactus Avenue**

3 **Moreno Valley, California**

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5 This **FIFTH AMENDMENT TO LEASE** ("Fifth Amendment") is made as of
6 _____, 2011 by and between the **COUNTY OF RIVERSIDE**, a
7 political subdivision of the State of California ("County"), and **MCC VENTURES, LP**, a
8 California limited partnership ("Lessor")

9 **1. Recitals.**

10 a. County and Moreno Corporate Center, LLC, a Delaware Limited
11 Liability Company entered into that certain lease dated December 16, 1997, (the
12 "Original Lease") pursuant to which County, as Lessee, leased a portion of that certain
13 building located at 22690 Cactus Avenue, Moreno Valley, California (the "Building"), as
14 more particularly described in the Original Lease ("Original Premises").

15 b. The Original Lease has been amended by:

16 i. That certain First Amendment to Lease dated November 9,
17 1999 2009 by and between the County of Riverside and Moreno Corporate Center,
18 LLC, ("First Amendment"), whereby the County, among other things, increased the
19 leased premises ("Expanded Premises")

20 ii. That certain Second Amendment to Lease dated April 11,
21 2000 by and between the County and Moreno Corporate Center, LLC, ("Second
22 Amendment"), whereby certain tenant improvements were made to the Expanded
23 Premises.

24 iii. That certain Third Amendment to Lease dated March 11,
25 2003 by and between the County and NNN Tech Fund III, a Virginia Limited Liability
26 company, as successor in interest to Moreno Corporate Center, LLC, ("Third
27 Amendment"), whereby the parties, among other things, agreed to extend the term and
28 amend the monthly rent.

1 iv. That certain Fourth Amendment to Lease dated January 23,
2 2006 by and between MCC Ventures, LP, a California limited partnership, as
3 successor in interest to NNN Tech Fund III, LLC, ("Fourth Amendment"), whereby the
4 parties among other things, agreed to extend the term and amend the monthly rent.

5 c. In addition to the Expanded Premises, County desires to lease
6 from Lessor and Lessor desires to lease to County an additional 10,175 rentable
7 square feet, a small portion located on the 1st floor and the rest on the 2nd floor of the
8 Building ("Expanded Space") on the terms and conditions set forth herein and as
9 shown in Exhibit "A", attached hereto and by this reference incorporated herein. The
10 Original Premises, Expanded Premise and the Expansion Space are collectively
11 referred to herein as the "Premises".

12 d. The Original Lease, together with this Fifth Amendment, as
13 heretofore, currently, or hereafter amended, shall be referred to as the "Lease".

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

16 **2. Capitalized Terms:** Fifth Amendment to Prevail. Unless defined herein
17 or the context requires otherwise, all capitalized terms herein shall have the meaning
18 defined in the Lease, as heretofore amended. The provisions of this Fifth Amendment
19 shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore
20 amended, and shall supplement the remaining provisions thereof. The Lease remains
21 in full force and effect except to the extent amended by this Fifth Amendment.

22 **3. Premises.**

23 a. The square footage of the Premises is corrected due to an
24 increase made from 24,373 square feet to 27,131 square feet in 2205 which was
25 inadvertently not included in amendment. The monthly rent was the correct amount.

26 b. This Fifth Amendment to Lease represents an increase in the
27 square footage of 10,175 square feet, additional space, from 27,131 square feet to
28 37,306 square feet.

1 **4. Term.** Section 1 of the Fourth Amendment to Lease is hereby amended
2 as follows: The term of this Lease shall be extended an additional sixty (60) months
3 commencing on February 1, 2012 and terminating on January 31, 2017.

4 **5. Rent.** Section 2 of the Fourth Amendment to Lease is hereby amended
5 as follows:

6 a. The monthly rent payable during remainder of the current lease
7 term pursuant to Paragraph 5 of the Lease shall be modified, and payable beginning
8 July 1, 2011. In accordance with the adjusted rent schedule previously abated rent
9 months of July 2011 and August 2011 will no longer be abated. The adjusted schedule
10 is as follows:

<u>Month</u>	<u>Monthly Amount</u>
July	\$47,382.42
August	\$47,382.42
September	\$47,382.42
October	\$47,382.42
November	\$47,382.42
December	\$47,382.42
January	\$47,382.42

19 b. Rent for Additional Space, Current Term. Should the completion
20 of Tenant Improvements occur prior to February 1, 2012, the rent for the additional
21 space shall be \$16,788.75 per month until January 31, 2012.

22 c. Rent for New Term. Rent for the new term commencing February
23 1, 2012 shall be as follows:

<u>Months</u>	<u>Monthly Amount</u>
1 - 12	\$61,554.90
13 - 24	\$63,093.77
25 - 36	\$64,671.11
37 - 48	\$66,287.89

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49 - 60 \$67,945.09

6. Utility Expense. Paragraph 5 of the First Amendment to Lease shall be amended as follows:

c. County shall reimburse Lessor for its proportionate share of utilities expense as described in Paragraph 5 c therein, within forty five (45) days after presented with supporting documentation of utility costs, on a percentage of rentable square foot per month. County is currently using **sixty-one and 6-tenths percent (61.6%) or 37,306** square feet of the entire 60,589 square foot building.

EXAMPLE: In the event the cost of utilities for a one-month period were \$12,177 for the entire building, the County would reimburse Lessor for 61.6% or \$7,501.03.

7. Improvements by Lessor.

a. Lessor, at its sole cost and expense shall complete tenant improvements as specified on Exhibit "I" attached hereto and by this reference made a part of this lease. Cost of tenant improvements shall not exceed \$301,109.00 which includes a fifteen (15%) percent contingency for any additional work requested by County with prior written approval. County shall reimburse Lessor as follows:

b. One third (1/3) of the reimbursement amount shall be paid within sixty (60) days after completion of the Leasehold Improvements and receipt of invoicing with appropriate backup documents.

c. One half (1/2) of the remaining balance, together with interest thereon at the rate of two percent (2%) per annum, from the date of Substantial Completion until the date of payment, shall be paid no later than the month of October of the County fiscal year following the fiscal year in which the initial payment referenced in Section 6b above was paid.

d. The remaining balance, together with interest thereon at the rate of two percent (2%) per annum, from the date of Substantial Completion until the date of

1 payment, shall be paid no later than the month of October of the County fiscal year
2 following the fiscal year in which the payment referenced in Section 6c above was paid.

3 **8. Notices.** Section 13 of the Lease shall be amended as follows: Any
4 notice required or desired to be served by either party upon the other shall be
5 addressed to the respective parties as set forth below:

COUNTY	LESSOR
Economic Development Agency County of Riverside 3403 Tenth Street, Suite 500 Riverside, California 92501	MCC VENTURES, LP c/o Property Management Association 6011 Bristol Parkway Culver City, California 90230

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11 **9.** The County hereby appoints the Assistant County Executive Officer for the
12 Economic Development Agency as its authorized representative to administer this Lease.

13 **10.** Except as modified or supplemented by this Fifth Amendment to Lease, all
14 provisions of this Lease shall remain in full force and effect.

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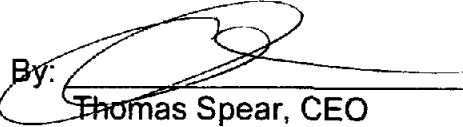
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1 11. This Fifth Amendment to Lease shall not be binding or consummated
2 until its approval by the Board of Supervisors of Riverside County.

3 Dated: _____

MCC VENTURES, LP, a California limited liability company

6
7 By: 
8 Thomas Spear, CEO
9 Property Management Associates
10 Agent for MCC Venture LP

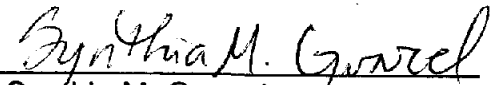
COUNTY OF RIVERSIDE

11 **ATTEST:**
12 Kecia Harper-Ihem
13 Clerk of the Board

By: _____
Bob Buster, Chairman
Board of Supervisors

14 By: _____
15 Deputy

16 **APPROVED AS TO FORM:**
17 PAMELA J. WALLS, County Counsel

18 By: 
19 Cynthia M. Gunzel
20 Deputy County Counsel

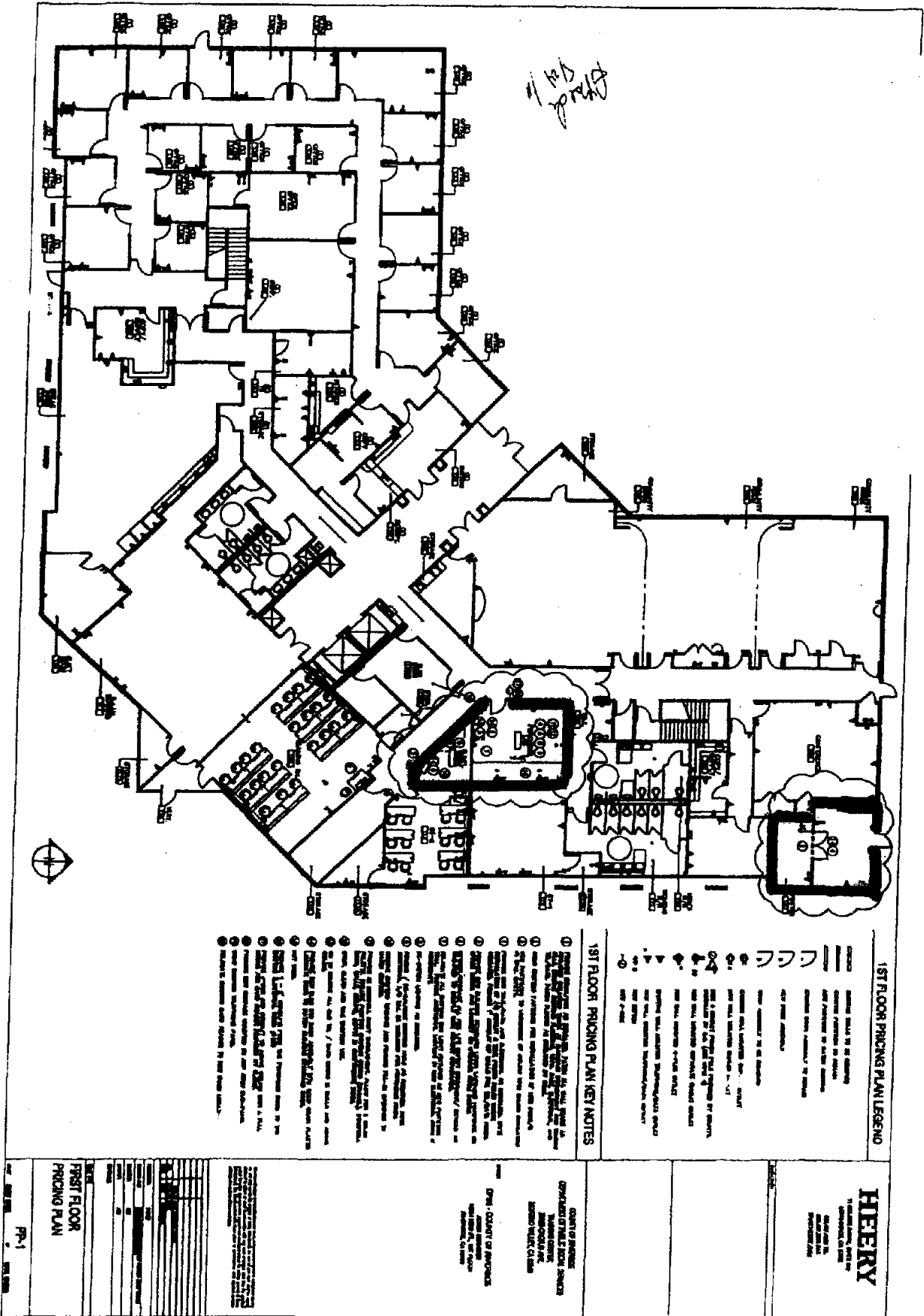


EXHIBIT "A"

Department of Public Social Services
22690 Cactus Avenue, Moreno Valley, California
Tenant Improvements

SCOPE OF WORK

- Demolition
- Frame & Drywall
- Rough Carpentry – Overhead support for movable partitions
- Insulation – Sound insulation in walls
- Doors & Frames
- Cabinets & Countertops
- Glass – Remove and replace window for material stocking
- Electrical
- Air Conditioning
- Acoustical Ceiling
- Plumbing – 2 Sinks
- Folding Partitions (2) 50 STC rating w/fabric finish
- Accordion Partition (1)40 STC rating w/vinyl finish
- Projection screens (3) 70" x 70" motorized
- Paint & Stain
- Flooring
- Clean up & Misc. Expense
- Fire Sprinklers, plans, permits & installation
- Supervision/Overhead

EXHIBIT "I"