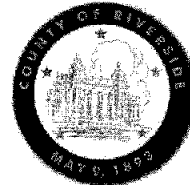


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

814



FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:

August 31, 2011

SUBJECT: Fifth Amendment to Lease – Community Health Agency, Department of Public Health, Riverside

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 budget adjustments for FY 2011/12 as shown on Schedule A, attached.

BACKGROUND: (Commences on Page 2)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER

BY: Samuel Wong 8/11/11
SAMUEL WONG

Robert Field

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 274,235	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 21,939	Budget Adjustment:	Yes
	Annual Net County Cost:	\$34,313	For Fiscal Year:	2011/12

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: N/A

SOURCE OF FUNDS: County General Fund 8%, State 41%, Federal 51%

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.: 3.31 of 6/5/01; 3.24 of 11/6/01; 3.19 of 1/8/02;
3.19 of 5/11/04; 3.22 of 7/27/04; 3.32 of 1/31/06

District: 1

Agenda Number:

3.49

EDA 01a-F1
Form 11 (Rev 08/2003)

BACKGROUND:

This Fifth Amendment to Lease represents a request from Community Health Agency, Department of Public Health to extend the lease for its Children's Medical Services (CMS) clinic currently located at 10769 Hole Avenue, Suites 210 and 220, Riverside, California.

The facility continues to meet the program requirements for Community Health Agency, Department of Public Health. In an ongoing effort to assist the Department of Public Health in achieving their goals, and reducing overhead costs, the Real Estate Division has negotiated the following lease terms: A five (5) year lease renewal at a reduced rate of \$1.25 per square foot, as compared to the current rate of \$1.81 per square foot, and negotiated the completion of tenant improvements at a cost of \$127,000.00, at the landlords sole cost and expense. The overall savings for the department has resulted in a rate reduction of 31%, saving the department \$15,229.36 per month and \$182,752.32 per year.

Lessor: B.H. Properties
11111 Santa Monica Blvd. Suite 600
Los Angeles, CA 90049

Premises Location: 10769 Hole Avenue
Suites 210, 220
Riverside, CA 92501

Size: 27,010 square feet.

Term: Five years, November 1, 2011 through October 31, 2016.

Rent:	<u>Current</u>	<u>New</u>
	\$ 1.81 per sq. ft.	\$ 1.25 per sq. ft.
	\$ 48,991.86 per month	\$ 33,762.50 per month
	\$587,902.32 per year	\$405,150.00 per year

Rental Adjustments: 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.

Improvements: At Landlords sole cost and expense.

RCIT Costs: None.

Market Data:	4260 Tequesquite	\$1.35 psf.
	10769 Hole	\$1.20 psf.
	Suites 110,103,105	

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

FINANCIAL DATA:

All associated costs for this Fifth Amendment to Lease will be fully funded through Community Health Agency, Department of Public Health budget. Community Health Agency, Department of Public Health, has budgeted these costs in FY2011/12. While the Economic Development Agency/Facility Management (EDA/FM) will front the costs for the Fifth Amendment to Lease with the property owners, the Community Health Agency, Department of Public Health will reimburse EDA/FM for all associated costs.

Attachments:

Schedule A
Exhibit A
Fifth Amendment to Lease

Schedule A

Increase Appropriation:

47220-7200400000-526700 - Rent/Lease Buildings	\$264,221
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Increase Estimated Revenue:

47220-7200400000-777330 - Leasing Services	\$264,221
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Exhibit A

Community Health Agency, Department of Public Health
Lease Cost Analysis FY 2011/12
10769 Hole Avenue, Suites 210, 220, Riverside, CA

Square Footage-Current

BUDGETED AMOUNTS

Current office: 27,010 SQFT
Total Budgeted Lease Cost for FY 2011/12 \$ 201,846.46

ACTUAL AMOUNTS

Proposed Office: 27,010 SQFT
Approximate Cost per SQFT (Jul - Oct) \$ 1.81
Approximate Cost per SQFT (Nov- Jun) \$ 1.25

Lease Cost per Month (Jul -Oct) \$ 48,991.86
Lease Cost per Month (Nov - Jun) \$ 33,762.50

Total Lease Cost (Jul - Oct) \$ 195,967.44
Total Lease Cost (Nov - Jun) \$ 270,100.00
Total Actual Lease Cost for FY 2011/12 \$ 466,067.44
Total Lease Cost Variance for FY 2011/12 \$ 264,220.98

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot \$ 0.12
Estimated Utility Costs per Month \$ 3,241.20
Total Budgeted Additional Cost for FY 2011/12 \$ 38,894.40

EDA Lease Management Fee (Based @ 3.79%) \$ 7,649.98
Total Estimated Additional Costs Included in Budget for FY 2011/12 \$ 46,544.38

ACTUAL AMOUNTS

Utility Cost per Square Foot \$ 0.12
Estimated Utility Costs per Month \$ 3,241.20
Total Additional Estimated Utility Cost for FY 2011/12 (July - June) \$ 38,894.40

EDA Lease Management Fee (Based @ 3.79%) \$ 17,663.96
Total Estimated Additional Costs for FY 2011/12 \$ 56,558.36
Total Estimated Additional Costs Variance for FY 2011/12 \$ 10,013.98

TOTAL ESTIMATED COST FOR FY 2011/12 \$ 274,234.96

TOTAL COUNTY COST 8% \$ 21,939.00

Exhibit B

Community Health Agency, Department of Public Health Lease Cost Analysis FY 2012/13
10769 Hole Avenue, Suites 210 & 220, Riverside, California

Total Square Footage to be Leased:

Current Office:	27,010	SQFT		
Cost per Square Foot: (July - October)	\$	1.25		
Cost per Square Foot: (November - June)	\$	1.29		
Lease Cost per Month (July - October)	\$	33,762.50		
Lease Cost per Month (November - June)	\$	34,775.38		
Total Lease Cost (July - October)	\$	135,050.00		
Total Lease Cost (November - June)	\$	278,203.04		
Total Estimated Lease Cost for FY 2012/13			\$	413,253.04
EDA Lease Management Fee (Based @ 3.79%)			\$	15,662.29
TOTAL ESTIMATED COST FOR FY 2012/13			\$	428,915.33
TOTAL COUNTY COST 8%			\$	34,313.23

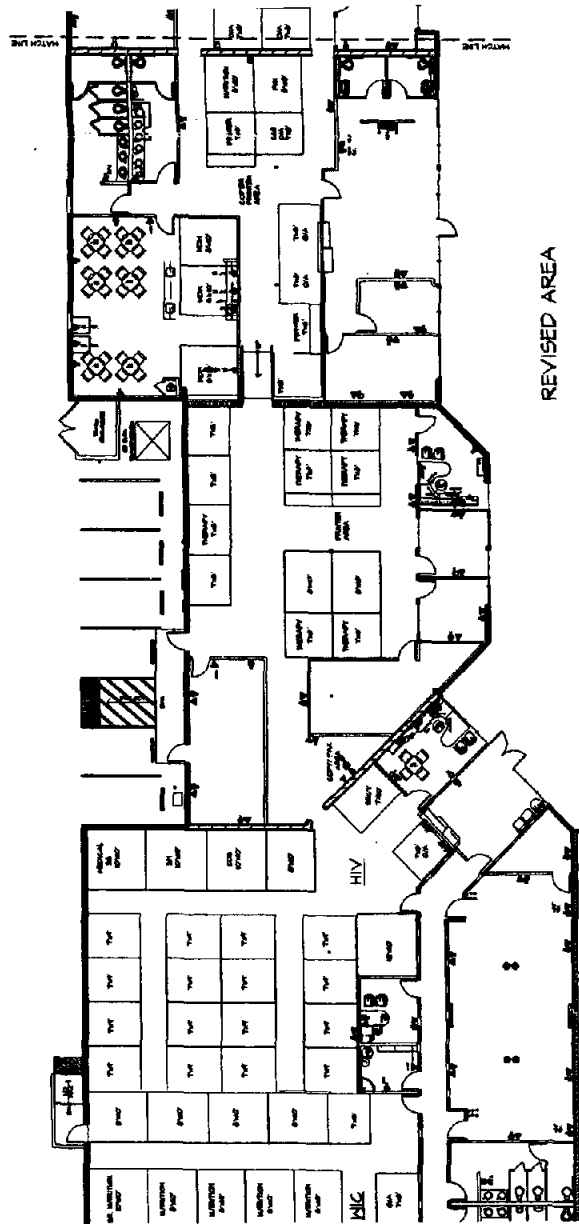


EXHIBIT "A"

1 **FIFTH AMENDMENT TO LEASE**

2 **(Community Health Agency**

3 **10769 Hole Avenue, Suites 210 and 220, Riverside, CA)**

4
5 This **FIFTH AMENDMENT TO LEASE** ("Fifth Amendment") is made as of
6 _____, by and between **B.H. PROPERTIES, LLC**, a California corporation as
7 "Lessor", and the **COUNTY OF RIVERSIDE**, a Political Subdivision of the State of
8 California, as "County".

9
10 **1. Recitals**

11 a. Lessor and County have entered into that certain Lease, dated as
12 of June 5, 2001, ("Original Lease") pursuant to which Lessor has agreed to lease that
13 certain building located at 10769 Hole Avenue, in the City of Riverside, State of
14 California, ("Building"), as more particularly shown on Exhibit "A", attached hereto and
15 made a part hereof.

16 b. The Original Lease has been amended by:

17 i. That certain First Amendment to Lease dated November 6,
18 2001, by and between County of Riverside, and B.H. Properties, LLC (the "First
19 Amendment").

20 ii. That certain Second Amendment to Lease dated May 11, 2004,
21 by and between County of Riverside, and B.H. Properties, LLC (the "Second
22 Amendment").

23 iii. That certain Third Amendment to Lease dated July 27, 2004, by
24 and between County of Riverside, and B.H. Properties, LLC (the "Third Amendment").

25 iv. That certain Fourth Amendment to Lease dated January 31,
26 2006, by and between County of Riverside, and B.H. Properties, LLC (the "Fourth
27 Amendment").

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

3 **2. Capitalized Terms: Fifth 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 Fifth
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 Fifth
9 Amendment.

10 **3. Rent During Extended Term:** Section 2 of the Fourth 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>
\$33,762.50	11/01/11 to 10/31/12
\$34,775.38	11/01/12 to 10/31/13
\$35,818.65	11/01/13 to 10/31/14
\$36,893.21	11/01/14 to 10/31/15
\$38,000.01	11/01/15 to 10/31/16

18 **4. Term:** Section 3 of the Lease shall be amended as follows: The term of
19 this Lease shall be extended sixty (60) months commencing on November 1, 2011 and
20 terminating October 31, 2016 ("Extended Term"). October 31, 2021 shall hereafter be
21 defined as the "Expiration Date".

22 **5. Option to Extend:** Section 4 of the Lease shall be amended as
23 follows: County shall have the option to extend the term of this lease for one (1)
24 separate and consecutive five (5) year period. County shall provide Lessor notice of
25 its election thereof, in writing, no later than sixty (60) days prior to the expiration of the
26 initial term of this lease. Section (a) and section (b) of section 4 shall be deleted in its
27 entirety.
28

1 **6. Option Rent:** The option rent for the first year of the option to extend
2 term shall be three percent (3%) greater than the monthly rent of the last month of the
3 lease term. Thereafter, the monthly rent during the option to extend term shall be
4 increased three percent (3%) annually.


5 **7. Tenant Improvements by Lessor:** Lessor, at its sole cost and expense,
6 shall complete the Tenant Improvements, as more particularly shown on Exhibit "B"
7 attached to the lease.

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

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

12 Dated: _____
13

14 **B.H. Properties, LLC**

15 By:  _____
16 Steve Gozini

17 By: _____

18 **COUNTY OF RIVERSIDE**

19 **ATTEST:**

20 Kecia Harper-Ihem
21 Clerk of the Board

22 By: _____
23 Bob Buster, Chairman
24 Board of Supervisors

25 By: _____
26 Deputy

27 **APPROVED AS TO FORM:**

28 Pamela J. Walls
County Counsel

By:  _____
Cynthia M. Gunzel
Deputy County Counsel

CC:ra/071211/RV271/14.177 S:\Real Property\TYPING\Docs-14.000 to 14.499\14.177.doc

Exhibit "B"

(Tenant Improvements for 10769 Hole Avenue, suites 210 & 220, Riverside)

- a. Install new tile carpet replacing the existing carpet throughout the suites.
- b. Patch and paint all interior walls throughout the suites.
- c. Install new counter tops and fixtures in both rest rooms and break room.
- d. Install new countertops in reception lobby.
- e. Install new blinds throughout (cordless blinds in front lobby).
- f. Install new blinds in conference room #103.
- g. Repair and reinforce access ramps.
- h. Replace and install new VCT flooring in the following locations:
 - a. Room #153
 - b. Room #151
 - c. Room #116 (or repair certain areas if a tile match is found)
 - d. Employee break room
 - e. Women's rest room adjacent to employee break room.