

923



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

FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:
March 1, 2012

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

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached Fourth Amendment to Lease and authorize the Chairman of the Board to execute the same on behalf of the County; and
2. Find that the project is exempt from The California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities.

BACKGROUND: The County of Riverside has been leasing the facility at 10769 Hole Avenue, Riverside, since 2001.

(Continued)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: Samuel Wong 2/29/12
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 36,981	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 1,723	Budget Adjustment:	No
	Annual Net County Cost:	\$ 27,537	For Fiscal Year:	2011/12

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: Federal 50.53%; State 44.81%; County 4.66%	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 Jennifer L. Sargent

FOR APPROVED COUNTY COUNSEL
BY: Synthia H. Givens 2-27-12
SYNTHIA H. GIVENS (Concurrence DATE)

Susan Loew
Susan Loew, Director
Department of Public Social Services

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

BACKGROUND: (Continued)

The facility, occupied by the Department of Public Social Services (DPSS), continues to meet the needs of the Department and the attached Fourth Amendment to Lease extends the lease twenty-four months. Custodial services are currently being provided by county staff. Commencing February 1, 2012, the Lessor shall contract for said services and the rent adjusted accordingly.

Pursuant to the California Environmental Quality Act (CEQA), the Lease Amendment was reviewed and determined to be categorically exempt from CEQA Guidelines Section 15301, Class 1 – Existing Facilities. The proposed project, the Lease Amendment, is the letting of property involving existing facilities. No expansion of an existing use will occur. A summary of the lease is as follows:

Location: 10769 Hole Avenue
Riverside, CA 92505

Lessor: B.H. Properties, LLC
11111 Santa Monica Blvd., Suite 600
Los Angeles, CA 90025

Size: 30,188 square feet

Term: Two years commencing February 1, 2012.

Rent:	<u>Current</u>	<u>New</u>
	\$ 1.20 per sq. ft.	\$ 1.44 per sq. ft.
	\$ 36,286.54 per month	\$ 43,412.74 per month
	\$435,438.48 per year	\$520,952.88 per year

Rent Adjustment: 3 percent annually

Option to Terminate: For reduced funding, and the last 6 months of the term with 60-days' notice.

Utilities: County pays for electric. Lessor pays for all other utilities.

Custodial: With lease renewal, included in rent.

Interior/Exterior
Maintenance: Included in Rent.

The attached Fourth 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 Fourth Amendment to Lease will be fully funded through the DPSS budget. DPSS has budgeted these costs in FY 2011/12. While the Economic Development Agency (EDA) will front the costs for the Lease Amendment with the property owners, DPSS will reimburse the EDA for all associated lease costs. While EDA does not have this budgeted, the EDA is monitoring its budget closely and not requesting any budget adjustments at this time. Any necessary budget adjustments associated with this Lease Amendment will be brought to the Board of Supervisors during the quarterly budget process.

Attachments:
Exhibit A & B
Fourth Amendment to Lease

Exhibit A

Lease Cost Analysis FY 2011/12 10769 Hole Avenue, Riverside, California

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office: 30,188 SQFT
Total Budgeted Lease Cost for FY 2011/12 \$ 435,438.48

ACTUAL AMOUNTS

Current Office: 30,188 SQFT

Approximate Cost per Sq Ft (July - Jan) \$ 1.20
Approximate Cost per Sq Ft (Feb-June) \$ 1.44

Lease Cost per Month (July - Jan) \$ 36,286.54
Lease Cost per Month (Feb-June) \$ 43,412.74

Total Lease Cost (July - Jan) \$ 254,005.78
Total Lease Cost (Feb - June) \$ 217,063.70

Total Actual Lease Cost for FY 2011/12 \$ 471,069.48
Total Lease Cost Variance for FY 2011/12 \$ 35,631.00

Estimated Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot \$ 0.12
Estimated Utility Costs per Month \$ 3,622.56
Total Budgeted Additional Cost for FY 2011/12 \$ 43,470.72

EDA Lease Management Fee (Based @ 3.79%) \$ 16,503.12
Total Estimated Additional Cost Included in Budget for FY 2011/12 \$ 59,973.84

ACTUAL AMOUNTS

Utility Cost per Square Foot \$ 0.12
Costs per Month (July - June) \$ 3,622.56

Total Estimated Actual Utility Cost for FY 2011/12 \$ 43,470.72

EDA Lease Management Fee (Based @ 3.79%) \$ 17,853.53
Total Estimated Additional Actual Cost for FY 2011/12 \$ 61,324.25

Total Estimated Additional Cost Variance for FY 2011/12 \$ 1,350.41

TOTAL ESTIMATED ADDITIONAL COST FOR FY 2011/12 \$ 36,981.41

TOTAL COUNTY COST 4.66% \$ 1,723.33

Exhibit B

Lease Cost Analysis FY 2012/13 10769 Hole Avenue, Riverside, California

Current Square Feet Occupied:

Office:	30,188 SQFT		
Cost per Square Foot: (July 1, 2012 - Jan 31, 2013) \$	1.44		
Cost per Square Foot: (Feb 1, 2013 - June 30, 2013) \$	1.48		
Lease Cost per Month (July 1, 2012 - Jan 31, 2013)	\$	43,412.74	
Lease Cost per Month (Feb 1, 2013 - June 30, 2013)	\$	44,715.12	
Lease Cost (July - Jan)		\$	303,889.18
Lease Cost (Feb - June)		\$	223,575.60
Total Estimated Lease Cost for FY 2012/13		\$	527,464.78

Estimated Utility Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July 1, 2012 - June 30, 2013)	\$	<u>3,622.56</u>	
Total Estimated Utility Cost for FY 2012/13	\$		43,470.72
EDA Lease Management Fee (Based @ 3.79%)	\$		<u>19,990.92</u>
TOTAL ESTIMATED COST FOR FY 2012/13	\$		<u>590,926.42</u>
TOTAL COUNTY COST 4.66%	\$		27,537.17

1 **FOURTH AMENDMENT TO LEASE**

2 (Department of Public Social Services,
3 10769 Hole Avenue, Suite 110, Riverside, California)

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5 This FOURTH AMENDMENT to Lease (Fourth Amendment) is made as of
6 _____, 2012, by and between the **COUNTY OF RIVERSIDE**, a political
7 subdivision of the State of California, (County), and **B.H. PROPERTIES, L.L.C.**, a
8 California limited liability company, (Lessor).

9 **1. Recitals**

10 a. B.H. Properties, LLC, as Lessor, and County, have entered into
11 that certain Lease dated August 15, 2000, (Original Lease) pertaining to the premises
12 located at 10769 Hole Avenue, Suite 110, Riverside, California, as more particularly
13 described in the Lease.

14 b. The Original Lease has been amended by:

15 i. That certain First Amendment to Lease dated, January 31,
16 2006, by and between County of Riverside and B.H. Properties, LLC, (First
17 Amendment).

18 ii. That certain Second Amendment to Lease dated May 23,
19 2006, by and between County of Riverside and B.H. Properties, LLC, (Second
20 Amendment).

21 iii. That certain Third Amendment to Lease dated September 18,
22 2007, by and between County of Riverside and B.H. Properties, LLC (Third
23 Amendment).

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

26 d. County and Lessor desire to further amend the Lease by extending
27 the term, modifying the rent and custodial services provider.

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

3 **2. Capitalized Terms: Fourth 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 provisions of this Fourth
6 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease,
7 as heretofore amended, and shall supplement the remaining provisions thereof. The
8 Lease remains in full force and effect except to the extent amended by this Fourth
9 Amendment.

10 **3. Term.** Section 1 of the Third Amendment to Lease shall be amended as
11 follows: The term of this Lease shall be extended for a period of twenty-four months
12 commencing February 1, 2012, and expiring January 31, 2014.

13 **4. Rent During Extended Term.** Section 2 of the Third Amendment to
14 Lease shall be amended as follows:

15 County shall pay to Lessor the monthly sum as rent for the Leased
16 premises during the extended term of this Lease as indicated below:

17 February 1, 2012 – January 31, 2013	\$43,412.74
18 February 1, 2013 – January 31, 2014	\$44,715.12

19 **5. Option to Terminate.** Notwithstanding Section 12 of the Original Lease,
20 County shall have the right to terminate the lease during months 18-24 under the
21 Fourth Amendment to Lease, provided County gives Lessor 60-days prior written
22 notice.

23 **6. Custodial Services.** Section 6 of the Lease shall be amended as
24 follows: **6.1 Custodial Services.** Effective February 1, 2012, Lessor shall
25 provide, or cause to be provided, and pay for all custodial services in connection with
26 the leased premises as set forth in Exhibit "B", herein attached to the Original Lease.
27 The provider of such custodial services will perform background checks through
28 LiveScan or in the manner specified by County, of qualified permanent and temporary

1 employees to determine their suitability for employment. The provider will be bonded in
2 the sum of \$10,000.00, and proof of such insurance, as supplied by the Lessor, shall
3 be furnished to County. In addition to bonding as required herein, Lessor shall also
4 receive proof of statutory workers' compensation insurance, commercial general
5 liability and vehicle insurance from the provider of any custodial functions performed at
6 the premises location.

7 **6.2 County's Right to Provide Custodial Service and Deduct Cost.**

8 If County provides verbal notice by telephone and followed up by email notice to Lessor
9 of an event or circumstance that requires the action of Lessor with respect to the
10 custodial services as set forth in Section 6.1 and Exhibit "B", and Lessor fails to provide
11 such action as required by the terms of this Lease within three (3) days of County's
12 notice, County may take the required action to provide custodial services by its staff or
13 those of a custodial contractor if: (1) County delivers to Lessor an additional written
14 notice advising Lessor that County intends to take the required action if Lessor does
15 not begin the required action within forty-eight (48) hours after the written notice; and
16 (2) Lessor fails to begin the required work within this forty-eight (48) hour period. Upon
17 demand by County, Lessor shall promptly reimburse County the actual cost and
18 expenses thereof. Should Lessor fail to promptly pay the cost and expenses, County
19 may deduct and offset that amount from Rent payable under this Lease. For purposes
20 of this Section, notice given by fax or email shall be deemed sufficient.

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

4 **COUNTY:**

5 County of Riverside
6 Economic Development Agency
7 3403 Tenth Street, Suite 500
8 Riverside, California 92501
9 Attn: Deputy Director of Real Estate
10 Telephone: (951) 955-4820

LESSOR:

 B.H. Properties, LLC
 11111 Santa Monica Blvd., Suite 600
 Los Angeles, CA 90025
 Telephone: (310) 820-8838

11 **8. County's Representative.** Section 19 of the Lease shall be amended as
12 follows: County hereby appoints the Assistant County Executive Officer of the
13 Economic Development Agency as its authorized representative to administer this
14 Lease.

15 **9.** Except as modified or supplemented by this Fourth Amendment to Lease,
16 All other provisions of the Lease remain the same and shall remain in full force and
17 effect.

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1 **10.** This Fourth Amendment to Lease shall not be binding or consummated
2 until its approval by the County's Board of Supervisors.

3 Dated: _____
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B.H. Properties, L.L.C, a California limited
liability company

5
6 By:  _____ *sl*
7 Steve Gozini, Manager


8
9 **COUNTY OF RIVERSIDE**, a political
subdivision of the State of California

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11 By: _____
12 John Tavaglione, Chairman
13 Board of Supervisors

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15 **ATTEST:**
16 Kecia Harper-Ihem
17 Clerk of the Board

18 By: _____
19 Deputy

20 **APPROVED AS TO FORM:**
21 PAMELA J. WALLS, County Counsel

22 By:  _____
23 Cynthia M. Gunzel, Deputy
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