

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

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SUBMITTAL DATE:
March 8, 2012

FROM: Economic Development Agency / Facilities Management

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

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached Second 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 Section 15301, Existing Facilities.

BACKGROUND: The County of Riverside entered into a Lease Agreement on January 24, 2006 for the Department of Public Social Services (DPSS) for the facility located at 2300 Market Street, Suite 200.

(Continued)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY Samuel Wong 3/8/12
SAMUEL WONG

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 854,119	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 35,190	Budget Adjustment:	No
	Annual Net County Cost:	\$ 65,402	For Fiscal Year:	2011/12

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: Federal 47.79%, State 48.09%, County 4.12%

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY Jennifer L. Sargent
Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
 BY: Susan Loew
 DATE: 3-2-12
 SYNTHIA M. GUNZEL
 Departmental Concurrence
 Susan Loew, Director of Public Social Services
 Department of Public Social Services
 By: Policy
 Consent
 Policy
 Consent
 Dep't Recomm.: Consent
 Per Exec. Ofc.: Consent

Prev. Agn. Ref.: 3.15 of 1/24/06. 3.37 of 4/6/10

District: 1/1

Agenda Number: **3.7**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

BACKGROUND: (Continued)

This Second Amendment to Lease represents an expansion in space of 33,393 square feet from 21,639 square feet to 55,032 square feet, and a 5 year extension in the term. This expansion is required due to the increased needs of the community for the services provided at this facility. DPSS will relocate staff from three other facilities to staff the expansion space in addition to hiring new personnel, anticipated occupancy June 2012.

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

Lessor:	MEF Realty, LLC c/o The Muller Company 23521 Paseo de Valencia, Suite 200 Laguna Hills, California 92653	
Location:	2300 Market Street, Suites 100, 200, 300 Riverside, California 92501	
Size:	Increased from 21,639 sq. ft. to 55,032 sq. ft.	
Term:	Extended five years, expiring on February 28, 2017	
Rent:	Current Rent	New Rent
	\$2.24 per sq. ft.	\$1.85 per sq. ft.
	\$48,540.50 per month	\$101,809.20 per month
	\$582,486.00 per year	\$1,221,710.40 per year
Rental Adjustment:	Three percent annually	
Utilities:	Provided by Lessor	
Tenant Improvements:	Not to exceed \$661,209.08	
RCIT:	\$354,160.00	

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

FINANCIAL DATA:

All associated costs for this lease will be fully funded through the DPSS budget. DPSS has budgeted for these lease costs in FY 2011/12. While the Economic Development Agency (EDA) will front the costs for this Second Amendment to Lease with the property owner, DPSS will reimburse EDA for all associated lease costs. EDA has sufficient appropriations to cover this rent-lease increase and tenant improvements; therefore, no budget adjustment is needed.

(Continued)

Economic Development Agency / Facilities Management
Second Amendment to Lease – Department of Public Social Services
March 8, 2012
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Attachments:

Exhibit A

Exhibit B

Second Amendment to Lease

Exhibit A

DPSS Lease Cost Analysis FY 2011/12 2300 Market Street, Suite, 100, 200, 300, Riverside, California

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office:	21,639 SQFT	
Lease Cost Per Month July - Feb 2012		\$ 388,324.00

ACTUAL AMOUNTS

Current Office:	21,639 SQFT	
Proposed Office:	55,032 SQFT	

Approximate Cost per SQFT (July 1, 2011 - May 31, 2012)	\$ 2.24	
Approximate Cost per SQFT (June, 2012)	\$ 1.85	

Lease Cost per Month (July - May)	\$ 48,540.50	
Lease Cost per Month (June)	\$ 101,809.20	

Total Lease Cost (July - May)	\$ 533,945.50	
Total Lease Cost (June)	\$ 101,809.20	
Total Actual Lease Cost for FY 2011/12		\$ 635,754.70
Total Lease Cost Variance for FY 2011/12		\$ 247,430.70

Expected Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot	\$ 0.12	
Estimated Utility Costs per Month Jul - Feb	\$ 2,596.68	
Total Expected Additional Cost for FY 2011/12		\$ 20,773.44

RCIT	\$ -	
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Tenant Improvements	\$ -	
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EDA Lease Management Fee (Based @ 3.79%)	\$ 14,717.48	
Total Expected Additional Cost Included in Budget for FY 2011/12		\$ 35,490.92

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$ 0.12	
Estimated Utility Costs per Month (Jul -May)	\$ 2,596.68	
Estimated Utility Costs per Month (June)	\$ 6,603.84	
Total Estimated Actual Additional Cost for FY 2011/12		\$ 35,167.32

RCIT	\$ 354,160.00	
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Tenant Improvements = \$661,209.08 / by 3 annual payments	\$ 220,403.03	
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EDA Lease Management Fee (Based @ 3.79%)	\$ 32,448.38	
Total Estimated Additional Actual Cost for FY 2011/12		\$ 642,178.73

Total Estimated Additional Cost Variance for FY 2011/12		\$ 606,687.81
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TOTAL ESTIMATED COST FOR FY 2011/12		\$ 854,118.51
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TOTAL COUNTY COST 4.12%		\$ 35,189.68
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Exhibit B

DPSS Lease Cost Analysis FY 2012/13 2300 Market Street, Suite 100, 200, 300, Riverside, California

Current Square Feet Occupied:

Office:	55,032 SQFT		
Cost per Square Foot: (July 1, 2012 - February 28, 2013)	\$	1.85	
Cost per Square Foot: (March 1, 2013 - June 30, 2013)	\$	1.90	
Lease Cost per Month (July 1, 2012 - February 28, 2013)		\$	101,809.20
Lease Cost per Month (March 1, 2013 - June 30, 2013)		\$	104,560.80
Lease Cost (July - Feb)		\$	814,473.60
Lease Cost (Mar - June)		\$	418,243.20
Total Estimated Lease Cost for FY 2012/13		\$	1,232,716.80

Estimated Utility Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July 1, 2012 - June 30, 2013)		\$	<u>6,603.84</u>
Total Estimated Additional Cost for FY 2012/13		\$	79,246.08
Tenant Improvement (2nd of 3 payments)		\$	220,403.02
EDA Lease Management Fee (Based @ 3.79%)		\$	<u>55,073.24</u>
TOTAL ESTIMATED COST FOR FY 2012/13		\$	<u>1,587,439.14</u>
TOTAL COUNTY COST 4.12%		\$	65,402.49

1 **SECOND AMENDMENT TO LEASE**

2 **2300 Market Street, Suite 300**

3 **Riverside, California**

4
5 This **SECOND AMENDMENT TO LEASE** ("Second Amendment") is made as of
6 _____, 2012 by and between the **COUNTY OF RIVERSIDE**, a
7 political subdivision of the State of California County, and **MEF REALTY, LLC**, a
8 California limited liability company, herein called Lessor.

9 **1. Recitals.**

10 a. County and Market Street Corporate Center, LLC as Lessor and
11 predecessor in interest to MEF Realty, LLC, a California limited liability company
12 entered into that certain Lease dated January 24, 2006, (the Original Lease) pursuant
13 to which County leased a portion of that certain building located at 2300 Market Street,
14 Suite 300, riverside, California the "Building", as more particularly described in the
15 Original Lease "Original Premises".

16 b. The Original Lease has been amended by:

17 i. That certain First Amendment to Lease dated April 6, 2010
18 by and between MEF Realty, LLC a California limited liability company and County (the
19 "First Amendment") whereby the Parties amended the Lease to extend the term period
20 and rental amounts and complete tenant improvements.

21 c. The Original Lease, together with this Second Amendment, as
22 heretofore, currently, or hereafter amended, shall be referred to as the "Lease".

23 d. The Parties now desire to amend the Lease to provide for an
24 expansion in space, extension in term and rental amounts and complete tenant
25 improvements to accommodate additional staff.

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

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

8 3. Section 2.2 of the Original Lease Agreement is hereby amended by the
9 following:

10 (a) The term on the lease of the Expansion Space shall commence on the
11 Expansion Commencement Date (as hereinafter defined) and unless sooner
12 terminated in accordance with the terms of the Lease, shall terminate on February 28,
13 2017 (the Expansion Term). In no event shall the Expansion Term extend beyond the
14 termination of the Original Lease. As used herein the "Expansion Commencement
15 Date" shall mean June 15, 2012, provided however that the Expansion commencement
16 Date shall be extended for not more than thirty (30) day if the expansion Space is not
17 Ready for Occupancy (as hereinafter defined) on or before June 15, 2012. If the
18 Expansion space is not Ready for Occupancy on or before June 15, 2012, except due
19 to delays caused by Lessee or as a result of force majeure, Lessee shall have the right
20 to terminate this Amendment without penalty. If the Expansion Space is not Ready for
21 Occupancy on or before June 15, 2012, due to delays caused by Lessee, Lessor shall
22 have the right to terminate this Amendment. If the Expansion Space is not Ready for
23 Occupancy on or before June 15, 2012, due to force majeure the commencement Date
24 shall be extended as necessary to allow the Expansion Space to become Ready for
25 Occupancy. As used herein, "Ready for Occupancy" shall mean the substantial
26 completion of construction of the improvements described in Exhibit "B", attached
27 hereto and by reference incorporated herein.

1 (b) The Premises shall consist of that certain portion of the Project, as
2 defined herein, including all improvements therein or to be provided by Lessor under
3 the terms of this Lease and commonly known as Market Street Corporate Center, 2300
4 Market Street, Suite 100, Riverside, comprised of 11,754 square feet, Suite 200
5 comprised of 21,639 square feet (expansion area of 33,393 square feet as indicated on
6 the attached Exhibit J attached hereto and by this reference made a part of the lease),
7 and Suite 300 comprised of 21,639 square feet for a total of 55,032 square feet. It is
8 understood that the Premises include all appurtenances and easements thereto and
9 the non-exclusive right of ingress and egress at all times to and from the public streets
10 and highways for County, its employees and invitees. The Premises, the building, the
11 Common Areas, the land upon which they are located, along with all other buildings
12 and improvements thereon, are herein collectively referred to as the "Project".

13 4. Section 2 of the First Amendment to Lease shall be amended as follows:
14 The term of this Lease shall be extended five years commencing on March 1, 2012
15 and terminating on February 28, 2017.

16 5. Section 3 of the First Amendment shall be amended as follows: Upon
17 completion and acceptance of all tenant improvements in the expansion area, rent shall
18 be \$101,809.20 per month, due on the first day of the month. In the event rent for any
19 period during the term hereof is less than one (1) full calendar month said rent shall be
20 pro-rated upon the actual number of days

21 6. Section 5.2 of the Lease Agreement shall be amended as follows: The
22 monthly rent shall be increased on each anniversary of this Lease by an amount equal
23 to three percent of such monthly rent.

24 7. Improvements by Lessor:

25 (a) Lessor at its sole cost and expense shall complete improvements to
26 the expansion area as specified in Exhibit K attached hereto and by this reference
27 made a part of the lease. Total cost of improvements to be paid by Lessor shall not
28 exceed \$1,184,054.42. Lessor shall provide County with a \$15.00 per square foot

1 allowance to County for tenant improvements in the expansion area comprised of
2 33,393 square feet totaling \$500,895.00, in addition to a \$5.00 per square foot
3 allowance for the "Original Premises", comprised of 21,639 square foot totaling
4 \$108,195.00. The total tenant improvement allowance is \$609,090.00, and shall be
5 credited to the total cost of improvements set forth above.

6 (b) County's share for improvements shall not exceed \$661,209.08
7 which includes a 15% contingency to be used for additional items requested by County
8 that is not included in the original scope of work. Lessor shall provide County with an
9 itemized statement of the cost of improvements within thirty (30) days after completion
10 and acceptance of the improvements. Upon receipt of the itemized statement, County
11 shall pay said \$661,209.08 or the reduced adjusted amount as follows: One third to be
12 paid up completion and acceptance of tenant improvements by County, one third to be
13 paid July 1, 2012, final third to be paid with interest at five percent per annum July 1,
14 2013.

15 8. The County hereby appoints the Assistant County Executive Officer for
16 the Economic Development Agency as its authorized representative to administer this
17 Lease.

18 9. Except as modified or supplemented by this Second Amendment to
19 Lease, all provisions of this Lease shall remain in full force and effect.

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

3 Dated: _____

4 **MEF REALTY, LLC, a Delaware limited**
5 **liability company**

6 By: MULLER EQUITY FUND, LLC,
7 a Delaware limited liability company,
8 Its sole member

9 By: MEF Partners, LLC,
10 a California limited liability company,
11 Its Managing Member

12 By: 
13 Jon Muller, Manager

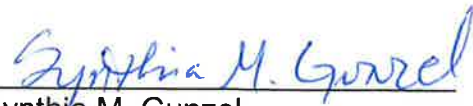
14 COUNTY OF RIVERSIDE

15 By: _____
16 John Tavaglione, Chairman
17 Board of Supervisors

17 **ATTEST:**
18 Kecia Harper-Ihem
19 Clerk of the Board

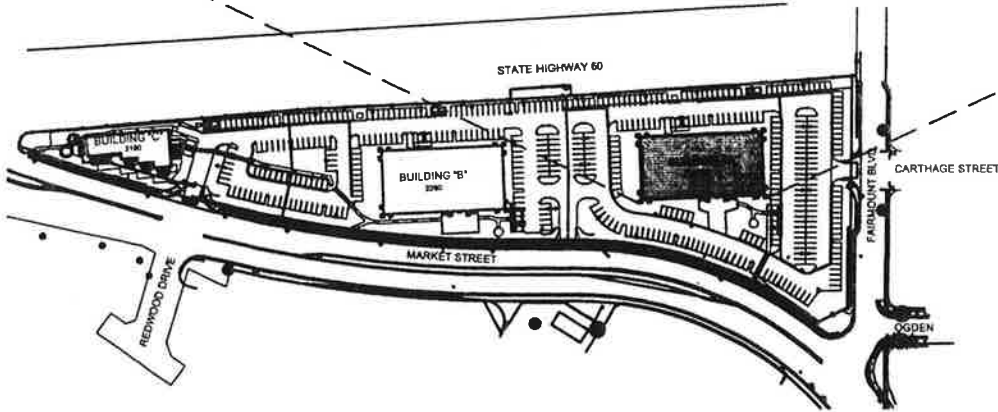
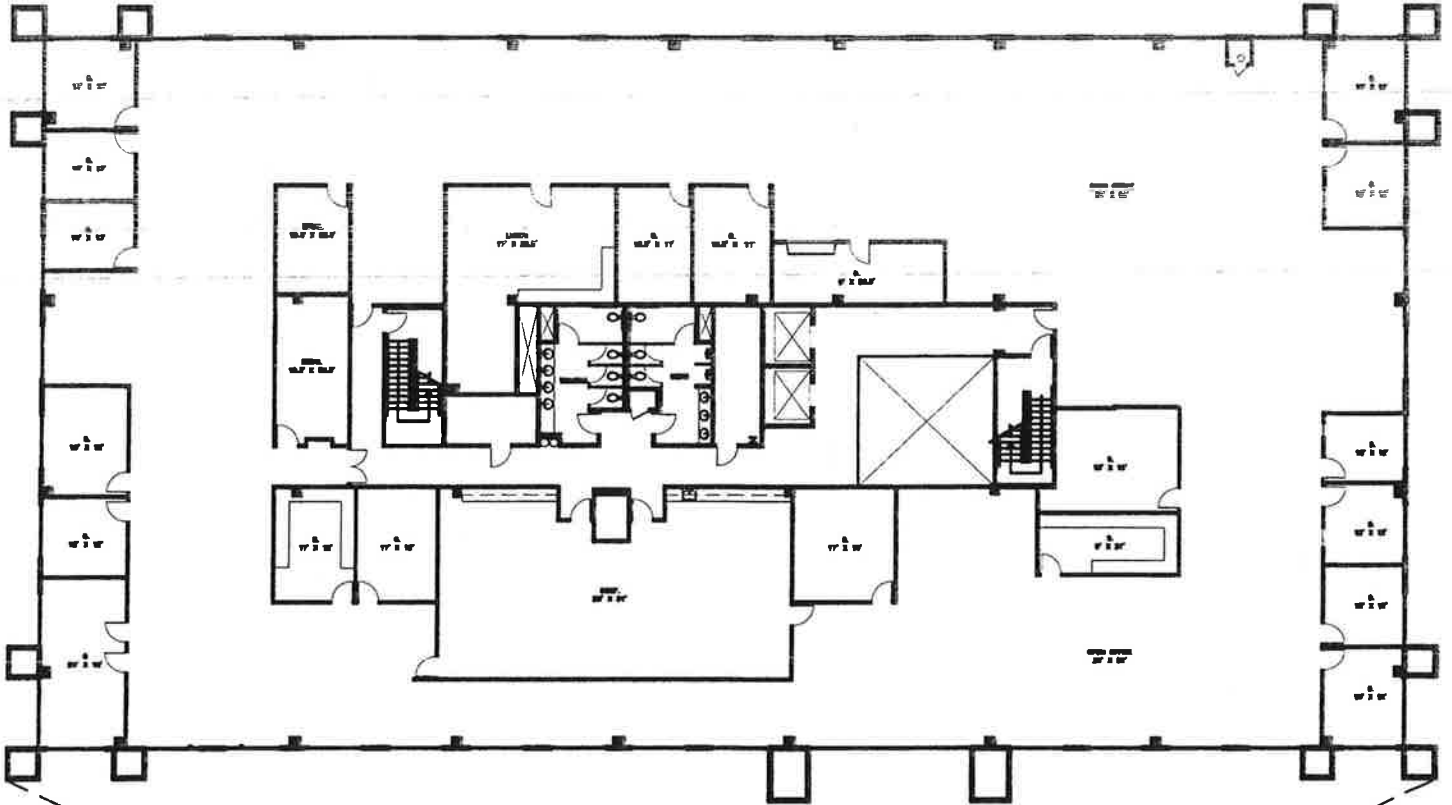
20 By: _____
21 Deputy

22 **APPROVED AS TO FORM:**
23 PAMELA J. WALLS, County Counsel

24 By: 
25 Synthia M. Gunzel
26 Deputy County Counsel

27
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theMullercompany



This document identifies the perimeter configuration of the lease space only and shall not be used for construction. Any discrepancies shall be brought to the attention of the Property Manager.

Market Street Corporate Center

Suite: 200

2300 Market Street

Riverside, CA

Date: 06.20.11

Scale: N.T.S.

All drawings and written material appearing herein constitute original and unpublished work of the architect and may not be duplicated. PDF format printing may result in drawing scale discrepancies.

Department of Public Social Services
2300 Market Street, Suites 100 & 200
Riverside, California

Scope of Work

DEMOLITION			
1. Remove all floor covering & base			
2. Scrape & boom sweep			
3. Remove all partition walls per 10/31/11 meeting			
4. Remove current copper and fiber voice/data cabling from the plenum and riser space			
5. Salvage door frames, doors, hardware, windows, and glass for possible reuse			
6. Dispose of all material			
7. Recycle materials			
FIRE SPRINKLERS			
1. Provide plans and permit			
2. Labor and material to add/relocate existing fire sprinklers to accommodate new floor plans.			
HVAC			
1. Furnish and install new supply and return registers (metal back 4-way adjustable)			
2. Rework branch ducting in flex duct for new office configuration			
3. Furnish and install manual volume air dampers for air supplies.			
4. Use existing thermostats and control wiring			
5. Add 4 ea. Additional 5 ton split package units with new air distribution ducting and thermostats.			
6. Provide and install a 24 hour A/C unit in server rooms (2)			
ELECTRICAL			
1. Complete electrical tenant improvement of the partial first floor and the entire second floor excluding the common areas, i.e. elevator lobbies, restrooms, and corridors.			
2. Electrical demolition, inclusive of safe-off of existing power for complete demolition. Will disconnect all existing power provisions in the area to be demolished, for safe operation.			
3. Remove and replace the existing light fixtures in the areas required to be demolished.			
4. Furnish and install Title 24 complaint lighting controls throughout the first and second floor tenant improvements			
5. Furnish and install new exit signs, complete with battery back-up power, based the new floor plan for both the first and second floor tenant improvements.			
6. Furnish and install proper egress lighting on each of the two floor spaces, inclusive of emergency battery pack to be installed in light fixtures.			
7. Furnish and install one (1) 75KVA, 480-120/208V step-down transformer, and one (1) 225A, three-phase, four-wire panel board, on both the first and the second floor, to allow the proper power provisions			

to fill the open floor space with furniture partitions on both floors.			
8. Installation of the furniture partition power feed whips.			
9. Furnish and install dedicated power provisions on each of the two floors for up to four(4) copiers or specialized pieces of equipment, per floor.			
10. Furnish and installation of all telephone/data device outlets throughout the tenant improvement space on first and second floor, consisting of 1" conduit stub-ups above the accessible ceiling space with pull-strings.			
11. Furnish and install one (1) new floor mounted power and tel/data provisions in the new second floor conference room.			
12. Dedicated power provisions for to the first and second floor communication rooms, consisting of a dedicated 100A, Three-phase, four-wire, thirty (30) circuit, 120/208V panel board, to be located in the first floor Comm RM.			
13. Furnish and install a ground buss in each of the two(2) communication rooms.			
14. Temporary power and lighting provisions provide, and maintained, throughout construction.			
15. Furnish and install one (1) 4" conduit raceway in from the first floor communications room to the second floor communication room to the third floor communication room. All through floor penetration shall be fully NFPA approved fire rated penetrations.			
16. Furnish power to 4-5 ton HVAC units			
17. All work installed per NFPA, NEC (nation Electric code) and CEC (California Electric Code).			
18. All work to be performed during normal business hours.			
PLUMBING (Allowance)			
1. Replace 1st & 2nd floor lunchroom fixtures			
2. Install condensate lines for new HVAC units			
METAL STUD FRAMING & DRYWALL			
1. Scare patching as required			
2. Door & window fill ins as required			
3. Construct shaft from roof to 1st and 2nd floor for HVAC units			
4. Install 3 5/8 20 gauge studs at 16" O.C. with 5/8" drywall both sides (300 L/Ft)			
DOORS, FRAMES & HARDWARE			
1. Relocate 10 units			
2. Provide 5 new lock sets			
PAINTING			
1. Prep existing walls to receive new finish			
2. New walls to be primed			
3. All walls to have 2 coats paint			
FLOORING			
1. Provide & Install 3,150 sq. yds Atlas carpet Tile			
2. Provide & Install 4,000 L/Ft. top set rubber base			
3. Provide & Install 1,710 Sq.Ft. VCT			
4. Provide & Install 400 L/Ft top set base			
Preparation of all surfaces			
ACOUSTICAL CEILING			
1. Remove all existing Armstrong 5/8"x2'x2' Cortega tegular tile			
2. Save undamaged tile for reuse			
3. Repair/replace prelude 15/16" grid, heavy duty, 1" wall mold			

with seismic perimeter wall clips			
4. Install seismic struts			
5. Reinstall tile (salvage & new)			
MILLWORK			
Replace existing lunch room cabinetry per DPSS standards			
Mailroom (Est.) cabinets, boyes &			
Work Tops- Reception Desk			