

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

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SUBMITTAL DATE:
April 19, 2012

FROM: Economic Development Agency / Facilities Management

SUBJECT: Third Amendment to Lease – Department of Mental Health, Riverside

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Third Amendment to Lease and authorize the Chairman of the Board to execute 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: (Commences on Page 2)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: Samuel Wong 4/17/12
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 85,866	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 120	Budget Adjustment:	No
	Annual Net County Cost:	\$ 725	For Fiscal Year:	2011/12

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No	
SOURCE OF FUNDS: 22.85% Federal, 52.18% State, 23.26% Grants MOU, 1.57% 3 rd Party, 0.14% County	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: Synthia M. Gunzel 2-27-12
DATE: _____
SYNTHIA M. GUNZEL
Departmental Concurrence

By: Jerry Wengerd
Jerry Wengerd, Director
Riverside County Mental Health

Dep't Recomm.: Consent Policy

Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: 3.9 of 10/19/99; 3.16 of 4/22/08; 3.40 of 6/29/10 **District:** 1/1 **Agenda Number:** 3.13

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

BACKGROUND:

This Third Amendment to Lease represents a request from Mental Health to extend the lease for its office located at 1827 Atlanta Avenue, Suites D1 thru D3, Riverside, California, commencing May 1, 2012 through December 31, 2016. By extending the Lease Term, Lessor will complete at its own expense all tenant improvements including painting and floor coverings.

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

This Third Amendment to Lease is summarized below:

Lessor:	Laguna Hills Allspace, GP 77-564 Country Club Drive, Suite 100 Palm Desert, California 92211
Premises Location:	1827 Atlanta Avenue, Suites D1 thru D3, Riverside, California
Term:	Effective May 1, 2012 through December 31, 2016
Rent:	\$ 1.33 per square foot \$ 38,047.85 per month \$456,574.20 per year
Size:	28,691 square feet
Rent Adjustment:	Three percent increase starting May 1, 2012
Utilities:	County pays for electricity and phone, Landlord pays for all others services.
Custodial Services:	Landlord
Maintenance:	Landlord
Improvements:	Lessor shall complete at its own expense
RCIT Costs:	None

The attached Third 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 Third Amendment to Lease will be fully funded through the Department of Mental Health (DOMH) budget. The DOMH has budgeted these costs in FY 2011/12. While the Economic Development Agency (EDA) will front the costs for the Third Amendment to Lease with the property owners, the DOMH will reimburse EDA for all associated costs. EDA has sufficient budget within its rent-lease buildings expense account to cover this Lease; therefore, no budget adjustment is needed.

Attachments:

Exhibit A
Exhibit B
Third Amendment to Lease

Exhibit A

Department of Mental Health Lease Cost Analysis FY 2011/12 1827 Atlanta Avenue, Suites D1- D3, Riverside

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office:	28,691	SQFT		
Approximate Cost per SQFT (July -April)	1.29			
Total Expected Lease Cost for FY 2011/12			\$	369,396.60

ACTUAL AMOUNTS

Current Office:	28,691	SQFT		
Approximate Cost per SQFT (July -April)	\$ 1.29			
Approximate Cost per SQFT (May - June)	\$ 1.33			
Lease Cost per Month (July - April)	\$ 36,939.66			
Lease Cost per Month (May - June)	<u>\$ 38,047.85</u>			
Total Lease Cost (July - April)	\$ 369,396.60			
Total Lease Cost (May - June)	<u>\$ 76,095.70</u>			
Total Lease Cost for FY 2011/12			\$	445,492.30
Total Lease Cost Savings for FY 2011/12				\$ 76,095.70

Estimated Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot	\$ 0.12			
Estimated Utility Costs per Month	<u>\$ 3,442.92</u>			
Total Estimated Utility Cost for FY 2011/12			\$	34,429.20
RCIT			\$	-
Tenant Improvements			\$	-
EDA Lease Management Fee (Based @ 3.79%)	<u>\$ 14,000.13</u>			
Total Expected Additional Cost Included in Budget for FY 2011/12			\$	48,429.33

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$ 0.12			
Estimated Utility Cost per Month	<u>\$ 3,442.92</u>			
Total Additional Estimated Utility Cost for FY2011/12 (July - June)	\$ 41,315.04			
RCIT			\$	-
Tenant Improvements			\$	-
EDA Lease Management Fee (Based @ 3.79%)	<u>\$ 16,884.16</u>			
Total Estimated Additional Cost for FY 2011/12			\$	58,199.20
Total Estimated Additional Cost Variance for FY 2011/12				\$ 9,769.87
TOTAL ESTIMATED COST FOR FY 2011/12				\$ 85,865.57
TOTAL COUNTY COST .14%				\$ 120.21

Exhibit B

Department of Mental Health Lease Cost Analysis for FY 2012/13 1827 Atlanta Avenue, Suites D1- D3, Riverside

Current Square Feet Occupied:

Office:	28,691	SQFT		
Approximate Cost per SQFT (July -April)	\$	1.33		
Approximate Cost per SQFT (May - June)	\$	1.37		
Lease Cost per Month (July - April)	\$	38,047.85		
Lease Cost per Month (May - June)	\$	<u>39,189.29</u>		
Total Lease Cost (July - April)	\$	380,478.50		
Total Lease Cost (May - June)	\$	<u>78,378.58</u>		
Total Lease Cost for FY 2012/13			\$	<u>458,857.08</u>
Total Lease Cost Savings for FY 2012/13				

Estimated Utility Costs:

Utility Cost per Square Foot	\$	0.12		
Estimated Utility Costs			\$	3,442.92
Total Estimated Utility Cost for FY 2012/13			\$	<u>41,315.04</u>
EDA Lease Management Fee (Based @ 3.79%)			\$	<u>17,390.68</u>
TOTAL ESTIMATED COST FOR FY 2011/12			\$	<u><u>517,562.80</u></u>
TOTAL COUNTY COST .14%			\$	<u>724.59</u>

1 **THIRD AMENDMENT TO LEASE**

2 **1827 Atlanta Avenue, Suites D1-D3, Riverside, California**

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4 This **THIRD AMENDMENT TO LEASE** (Third Amendment), dated as of
5 _____, is entered by and between the **COUNTY OF RIVERSIDE**, a political
6 subdivision of the State of California, (Lessee), and **LAGUNA HILLS ALLSPACE, GP.**, a
7 General Partnership (Lessor), sometimes collectively referred to as the "Parties".

8 **1. Recitals.**

9 a. Property Asset Management, Inc., a Delaware Corporation, predecessor to
10 Lessor and County entered into that certain **Lease** dated October 19, 1999, (Original Lease)
11 pursuant to which Lessor has agreed to **lease** to County and County has agreed to **lease** from
12 Lessor a portion of that certain building located at 1827 Atlanta Avenue, Suites D1-D-3,
13 Riverside, California (Building), as more particularly described in the Original Lease.

14 b. The Original Lease has been amended by:

15 i. That the certain First Amendment to Lease dated April 22, 2008,
16 by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California
17 (Lessee), and LAGUNA HILLS ALLSPACE, GP., (Lessor), (the 1st Amendment), whereby the
18 Parties amended the Lease for Lessor to complete tenant improvements.

19 ii. That certain Second Amendment to Lease dated June 29, 2010,
20 by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California
21 (Lessee), and LAGUNA HILLS ALLSPACE, GP., (Lessor), (the 2nd Amendment), whereby the
22 Parties amended the Lease to extend the term period, the rental amounts, the rights to
23 terminate and Notices.

24 c. The Parties now desire to amend the Lease and by extending the Lease Term,
25 Lessor agrees to complete at its own expense all tenant improvements described on Exhibit "F".

26 **NOW THEREFORE**, for good and valuable consideration the receipt and adequacy of
27 which is hereby acknowledged, the parties agree as follows:
28

1 **2. Lease Term.** Section 3 of the Second Amendment to Lease is hereby amended
2 by the following:

3 The term of this Lease shall be extended through December 31, 2016, by extending the Lease
4 term, Lessor agrees to complete at its own expense all tenant improvements indicated on
5 Exhibit "F".

6 **3. Improvements by Lessor.** Section 1 of the First Amendment to Lease is
7 hereby amended by the following:

8 Lessor, at its sole cost and expense, shall complete the Tenant Improvements, as more
9 particularly shown on Exhibit "F" attached to the lease.

10 **4. Option to Terminate.** Section 12 Subsection (d) of the Lease shall be
11 amended as follows:

12 (d) Following the execution and delivery of this Third Amendment, Lessee shall
13 have the right to terminate this Lease after one year with one hundred twenty (120) days
14 advance written notice provided all state funding is withdrawn for The Department of Mental
15 Health located at Atlanta Avenue, Riverside, California.

16 **5. Capitalized Terms:** Third Amendment to Prevail. Unless defined herein or the
17 context requires otherwise, all capitalized terms herein shall have the meaning defined in the
18 Lease, as heretofore amended. The provisions of this Third Amendment shall prevail over any
19 inconsistency or conflicting provisions of the Lease, as heretofore amended, and shall
20 supplement the remaining provisions thereof.

21 **6. Miscellaneous.** Except as amended or modified herein, all the terms of the
22 Original Lease shall remain in full force and effect and shall apply with the same force and
23 effect. This is of the essence in this Amendment and the Lease and each and all of their
24 respective provisions. Subject to the provisions of the Lease as to assignment, the
25 agreements, conditions and provisions herein contained shall apply to and bind the heirs,
26 executors, administrators, successors and assigns of the parties hereto. If any provision of this
27 Amendment or the Lease shall be determined to be illegal or unenforceable, such
28 determination shall not affect any other provision of the Lease and all such other provisions

1 shall remain in full force and effect. The language in all parts of the Lease shall be construed
2 according to its normal and usual meaning and not strictly for or against either Lessor or
3 Lessee. Neither this Amendment, nor the Original Lease, nor any notice nor memorandum
4 regarding the terms hereof, shall be recorded by County.

5 **7. Effective Date.** This Third Amendment to Lease shall not be binding or
6 consummated until its approval by the Riverside County Board of Supervisors and fully
7 executed by the Parties.

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1 8. IN WITNESS WEHREOF, the parties have executed this Amendment as of the
2 date first written above.

3 Dated: _____

4 **LESSOR:**

5 **LAGUNA HILLS ALLSPACE GP,**

6
7 By: 
8 Name: Dennis D. French
9 Its: Managing Partner

10 **LESSEE:**


11 **COUNTY OF RIVERSIDE**

12 By: _____
13 John F. Tavaglione, Chairman
14 Board of Supervisors

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

17 By: _____
18 Deputy

19 **APPROVED AS TO FORM:**
20 Pamela J. Walls
21 County Counsel

22 By: 
23 Synthia M. Gunzel
24 Deputy County Counsel

1 **Exhibit "F"**

2 **(Tenant Improvements for 1827 Atlanta Avenue, Riverside, California)**

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4 **Suite D-1**

- 5 a. Evaluation of the a/c units – some areas are warmer than others.
- 6 b. Replace VCT in all restrooms.
- 7 c. Replace VCT and baseboards throughout clinic.
- 8 d. Replace carpet with VCT in break room.
- 9 e. Replace carpet with VCT by the restrooms on the children area.
- 10 f. Replace all sink faucets throughout clinic.
- 11 g. Patch and paint Room 141.
- 12 h. Remove and replace window tint in Room 101 (Darwin's office).
- 13 i. Remove and replace window tint in the Lobby.

14 **Suite D-3**

- 15 a. Replace VCT in kitchen.
- 16 b. Replace sink faucets in all restrooms, kitchen and break rooms.
- 17 c. Patch and paint Rooms: 108, 144, 114, 120, 142, 138, 130,140 and 141.
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