

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

418



**SUBMITTAL DATE:**  
June 21, 2012

**FROM:** Economic Development Agency / Facilities Management

**SUBJECT:** Third Amendment to Lease – Riverside County Fire Department

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the attached Third 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 office located at 2300 Market Street, Suite 150, Riverside, since December, 2006.

(Continued)

FISCAL PROCEDURES APPROVED  
PAUL ANGULO, CPA, AUDITOR-CONTROLLER  
BY: Samuel Wong 6/20/12  
SAMUEL WONG

Robert Field  
Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ (29,647)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ (29,647)	Budget Adjustment:	No
	Annual Net County Cost:	\$ 208,463	For Fiscal Year:	2012/13

**COMPANION ITEM ON BOARD AGENDA:** No

<b>SOURCE OF FUNDS:</b> General Fund: Plan Review Fees 50%, Inspection Fees 50%	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE

BY: Jennifer V. Sargent  
Jennifer V. Sargent

**County Executive Office Signature**

FORM APPROVED COUNTY COUNSEL  
 BY: Synthia M. Clunz  
 SYNTHIA M. CLUNZ  
 Departmental Concurrence DATE  
 John Hawkins, Fire Chief  
 Riverside County Fire Department  
 Dept't Recomm.:  Consent  Policy  
 Per Exec. Ofc.:  Consent  Policy

**Prev. Agn. Ref.:** 3.36 of 8/29/06; 3.24 of 6/30/09; 3.31 of 1/11/11;  
3.32 of 1/11/11

**District:** 2/2

**Agenda Number:**

3.17

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

**BACKGROUND:** (Continued)

The office, occupied by Riverside County Fire Department (County Fire), continues to meet the needs of the Department. The attached Third Amendment to Lease extends the lease three years with a 16% reduction in rent.

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:

Lessor: MEF Realty, LLC, a Delaware limited liability company  
c/o The Muller Company  
23521 Paseo de Valencia, Suite 200  
Laguna Hills, CA 92653

Premises: 2300 Market Street  
Suite 150  
Riverside, CA 92501

Size: 8,772 square feet

Term: Three years commencing July 1, 2012

Rent:	<u>Current</u>	<u>New</u>
	\$ 2.21 per sq. ft.	\$ 1.85 per sq. ft.
	\$ 19,380.43 per month	\$ 16,228.20 per month
	\$232,565.04 per year	\$194,738.40 per year

Savings per month: \$ 3,152.23  
Savings per year: \$37,826.64

Rent Adjustment: 3% annually

Option to Terminate: For funding with sixty days notice

Utilities: Included in rent

Custodial: Included in rent

Interior/Exterior  
Maintenance: Included in rent

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 County Fire's budget. County Fire has budgeted these costs in FY 2012/13. While the Economic Development Agency (EDA) will front the costs for the Lease Amendment with the property owners, County Fire will reimburse EDA for all associated lease costs. The amount of the cost decrease is not material; therefore, County Fire and EDA are not requesting budget adjustments at this time.

Attachments:

Exhibit A

Exhibit B

Third Amendment to Lease

# Exhibit A

## Fire Lease Cost Analysis FY 2012/13 2300 Market Street, Suite 150, Riverside, California

### Total Square Footage to be Leased:

#### **EXPECTED AMOUNTS**

Current office: 8,772 SQFT  
Total Budgeted Lease Cost for FY 2012/13 \$ 223,264.00

#### **ACTUAL AMOUNTS**

Current Office: 8,772 SQFT  
Approximate Cost per Sq Ft (July - June) \$ 1.85  
Lease Cost per Month (July - June) \$ 16,228.20  
Total Lease Cost (July - June) \$ 194,738.40  
Total Actual Lease Cost for FY 2012/13 \$ 194,738.40  
Total Lease Cost Variance for FY 2012/13 \$ (28,525.60)

### Estimated Additional Costs:

#### **EXPECTED AMOUNTS**

EDA Lease Management Fee (Based @ 3.93%) \$ 8,774.28  
Total Estimated Additional Cost Included in Budget for FY 2012/13 \$ 8,774.28

#### **ACTUAL AMOUNTS**

EDA Lease Management Fee (Based @ 3.93%) \$ 7,653.22  
Total Estimated Additional Actual Cost for FY 2012/13 \$ 7,653.22  
Total Estimated Cost Variance for FY2012/13 \$ (1,121.06)  
TOTAL ESTIMATED COST FOR FY 2012/13 \$ (29,646.66)

TOTAL COUNTY COST 100% \$ (29,646.66)

# Exhibit B

## Fire Lease Cost Analysis FY 2013/14 2300 Market Street, Suite 150, Riverside, California

### Current Square Feet Occupied:

Office:	8,772 SQFT		
Cost per Square Foot: (July 1, 2013 - June 30, 2014 \$	1.91		
Lease Cost per Month (July 1, 2013 - June 30, 2014)	\$	16,715.05	
Lease Cost (July - June)		\$	200,580.60
<b>Total Estimated Lease Cost for FY 2013/14</b>		<b>\$</b>	<b>200,580.60</b>
EDA Lease Management Fee (Based @ 3.93%)		\$	7,882.82
<b>TOTAL ESTIMATED COST FOR FY 2013/14</b>		<b>\$</b>	<b>208,463.42</b>
<b>TOTAL COUNTY COST 100%</b>		<b>\$</b>	<b>208,463.42</b>

1 **THIRD AMENDMENT TO LEASE**

2 **2300 Market Street, Suite 150**

3 **Riverside, California**

4  
5 This **THIRD AMENDMENT TO LEASE** ("Third Amendment") is made as of  
6 \_\_\_\_\_, 2012 by and between **MEF REALTY, LLC**, a Delaware  
7 limited liability company ("Lessor") and the **COUNTY OF RIVERSIDE**, a political  
8 subdivision of the State of California ("County"), as Lessee, sometimes collectively  
9 referred to as the Parties.

10 **RECITALS.**

11 **A. MEF Realty, LLC, and County** entered into that certain Lease  
12 dated August 29, 2006, ("the Original Lease") pursuant to which Lessor has agreed to  
13 lease to County and County has agreed to lease from Lessor that certain building  
14 located at 2300 Market Street, Suite 150, Riverside, California ("the Building"), as more  
15 particularly described in the Lease ("the Original Premises").

16 **B.** The Original Lease has been amended by:

17 1. That certain First Amendment to Lease dated June 30, 2009,  
18 by and between MEF Realty, LLC and County of Riverside ("the First Amendment"),  
19 whereby the Parties amended the Lease to abate the rent.

20 2. That certain Second Amendment to Lease dated January 11,  
21 2011, by and between MEF Realty, LLC and County of Riverside ("the Second  
22 Amendment"), whereby the Parties amended the Lease to extend the term period and  
23 rental amounts.

24 The Parties now desire to amend the Lease to extend the term and the  
25 rental amounts.

26 **C.** The Original Lease, together with the First Amendment and  
27 Second Amendment, are collectively referred to herein as the "Lease".

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1 amended, and shall supplement the remaining provisions thereof. The Lease remains  
2 in full force and effect except to the extent amended by this Third Amendment.

3       **6. Miscellaneous.** Except as amended or modified herein, all the terms of  
4 the Original Lease shall remain in full force and effect and shall apply with the same  
5 force and effect. Time is of the essence in the Amendment and Lease and each and  
6 all of their respective provisions. Subject to the provisions of the Lease as to  
7 assignment, the agreements, conditions and provisions herein contained shall apply to  
8 and bind the heirs, executors, administrators, successors and assigns of the parties  
9 hereto. If any provisions of this Amendment or the Lease shall be determined to be  
10 illegal or unenforceable, such determination shall not affect any other provision of the  
11 Lease and all such other provisions shall remain in full force and effect. The language  
12 in all parts of the Lease shall be construed according to its normal and usual meaning  
13 and not strictly for or against either Lessor or Lessee. Neither this Amendment, nor the  
14 Original Lease, nor any notice nor memorandum regarding the terms hereof, shall be  
15 recorded by Lessee.

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

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24 (SIGNATURES ON NEXT PAGE)

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1           **IN WITNESS WHEREOF**, the Parties have executed this Amendment as of the  
2 date first written above.

3 Dated: \_\_\_\_\_

**LESSOR:**

4           **MEF REALTY, LLC**

5 a Delaware limited liability company

6 By: MULLER EQUITY FUND, LLC

7 a Delaware limited liability company

8 Sole Member

9 By: MEF Partners, LLC

10 a California limited liability company

11 Manager

12 By: \_\_\_\_\_

13 John Muller, Managing Member

**LESSEE:**

14           **COUNTY OF RIVERSIDE**

15  
16 **ATTEST:**

17 Kecia Harper-Ihem  
18 Clerk of the Board

19 By: \_\_\_\_\_

20 John Tavaglione, Chairman  
21 Board of Supervisors

22 By: \_\_\_\_\_

23 Deputy

24 **APPROVED AS TO FORM:**

25 Pamela J. Walls  
26 County Counsel

27 By: \_\_\_\_\_

28 Synthia M. Gunzel  
Synthia M. Gunzel  
Deputy County Counsel

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